2015 ANNUAL REPORT

ARGUS

Our Interest is You.

ARGUS
Our Interest is You.

THE ARGUS GROUP

Building on a foundation of decades of experience and a strong capital base, Argus provides a broad range of insurance, retirement and financial solutions to meet the needs of both businesses and individuals.

OUR VISION

Our vision is to be the customer's first choice for insurance, retirement and financial services. We are committed to providing our customers with financial security and peace of mind through innovative solutions, which provide excellent value.

OUR MISSION

We will achieve our vision by:

- Focusing first on the needs of the market segments we choose to serve
- Building upon the strength of the Argus name
- Introducing innovative products and enhancements
- Continuing to focus on direct distribution as our primary channel, while developing alternative channels such as intermediaries, strategic partnerships and technology
- Recruiting and retaining the very best people
- Developing knowledgeable people who provide fast, friendly and convenient service to our customers
- Developing our ability to perform as one cross-functional team
- Exploring opportunities to exploit our leading financial performance and capital position

In addition, Argus will look for growth opportunities by expanding into related business products and services.

OUR PHILOSOPHY AND VALUES

As we interact with our colleagues and meet our responsibilities to our community, clients and shareholders, we welcome the challenge inherent in change, while adhering to our values.

- We do not compromise on individual or corporate honesty or integrity
- We respect every person as an individual
- We actively promote competence and professionalism within our organisation
- We achieve higher levels of performance through teamwork
- We recognise that fairness is critical in reaching decisions
- We promote and acclaim creativity as we strive to achieve our goals

FIVE YEAR SUMMARY

FINANCIAL AND SHAREHOLDER DATA

	2015	(Restated) 2014*	2013	2012	2011
FOR THE YEAR *(In $ thousands)*					
Total revenue	184,887	163,247	171,574	154,787	138,188
Earnings/(loss) for the year attributable to Shareholders of the Company	16,032	13,304	12,839	1,696	(6,092)
Cash dividends	2,955	2,522	-	-	8,414
AT YEAR END *(In $ thousands)*					
Total General Fund Assets	663,585	590,882	431,391	386,423	533,459
Shareholders' Equity	118,329	106,091	94,391	83,794	82,406
FINANCIAL RATIOS					
Earnings per share – fully diluted	$0.76	$0.63	$0.61	$0.08	$(0.29)
Return on average Shareholders' Equity	14.3%	13.3%	14.5%	2.0%	(6.8%)
SHAREHOLDER DATA					
Shares in issue	21,573,148	21,525,159	21,511,163	21,511,163	21,511,163
Book value per share	$5.49	$4.93	$4.39	$3.90	$3.83
NUMBER OF EMPLOYEES	204	203	202	201	199

**Effective April 1, 2014, Argus Group Holdings Limited and its subsidiaries adopted the new and amended accounting standards as discussed in Note 2.19. The 2014 comparatives were restated for the adoption of these new and amended accounting standards.*

CONTENTS

BOARD OF DIRECTORS

Sheila E. Nicoll, FCII
CHAIRMAN

Alan R. Thomson
DEPUTY CHAIRMAN

Wendall S. F. Brown

Peter R. Burnim, MBA

John D. Campbell, QC, JP

Timothy C. Faries, B.A., LL.B, LL.M

Alison S. Hill, ACMA
CHIEF EXECUTIVE OFFICER

Sen. James S. Jardine, FCA, FCIS, JP

Everard Barclay Simmons, MBA, LLB

Robert D. Steinhoff, FCA, JP

Paul C. Wollmann, MBA, CPCU, ARe, ARM

COMMITTEES OF THE BOARD

Audit Committee

Nominations and Governance Committee

Compensation Committee

Risk Committee

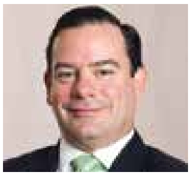
OFFICERS OF ARGUS GROUP HOLDINGS

Sheila E. Nicoll, FCII
CHAIRMAN

Alan R. Thomson
DEPUTY CHAIRMAN

Alison S. Hill, FCMA, CGMA
CHIEF EXECUTIVE OFFICER

David W. Pugh, FCA
CHIEF FINANCIAL OFFICER

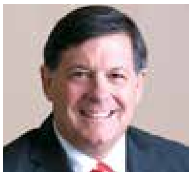


George N.H. Jones, MBA, LLB
GROUP GENERAL COUNSEL
& COMPANY SECRETARY

Larry A. Peck, FSA, FCIA, MAAA
EXECUTIVE VICE PRESIDENT
GROUP ACTUARY

BUSINESS UNIT HEADS

Lauren M. Bell, FLMI, HIA, ACS
EXECUTIVE VICE PRESIDENT
LIFE & PENSIONS



Andrew H. Bickham, ACII
EXECUTIVE VICE PRESIDENT
BROKING

Dr. Vanessa O. Borg,
DBA, MPHIL, MBA, B. COM
CHIEF EXECUTIVE
ARGUS INSURANCE AGENCIES LIMITED

John Doherty, CPCU, ARM, ARe
EXECUTIVE VICE PRESIDENT
PROPERTY & CASUALTY

Michelle A. Jackson, MBA, MSc
EXECUTIVE VICE PRESIDENT
GROUP INSURANCE

Tyrone Montovio, ACII
GENERAL MANAGER
ARGUS INSURANCE COMPANY
(EUROPE) LIMITED

Joel P. Schaefer, CFA
PRESIDENT &
CHIEF EXECUTIVE OFFICER
AFL INVESTMENTS LIMITED

Sen. Lynne Woolridge, FLMI, FALU, HIA
HEAD OF INTERNATIONAL LIFE

SUPPORT UNIT HEADS

Cindy F. Campbell, CPA, MBA
EXECUTIVE VICE PRESIDENT
STRATEGIC DEVELOPMENT

Peter J. Dunkerley, FCA
EXECUTIVE VICE PRESIDENT
FINANCE & TREASURY
CHIEF FINANCIAL OFFICER DESIGNATE

Martin N. M. Gutteridge, BA, MA
EXECUTIVE VICE PRESIDENT
INFORMATION SYSTEMS

Onesimus Nzabalinda
MBA, MSc, CISA, CFE, CRISC
HEAD OF RISK & COMPLIANCE

Wanda E. Richardson, MA, SPHR
EXECUTIVE VICE PRESIDENT
CLIENT SOLUTIONS,
SALES AND MARKETING

Hannah Ross, FIA
HEAD OF ACTUARIAL OPERATIONS

David Simons, CPA, CA
VICE PRESIDENT
FINANCE OPERATIONS

Sheena M. Smith, CPA
VICE PRESIDENT
FINANCIAL REPORTING

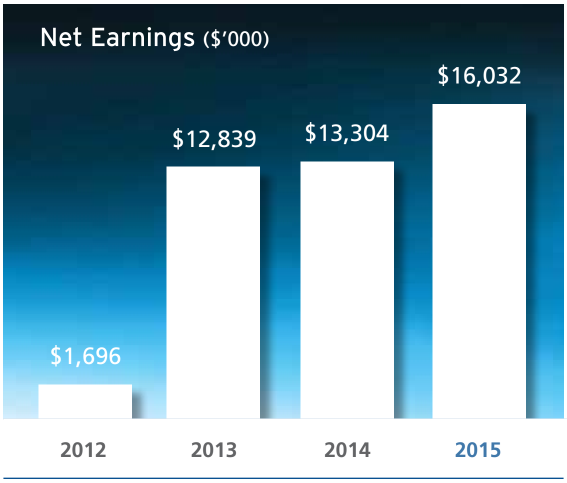
Kellianne M. Smith, BA
HEAD OF GLOBAL HUMAN RESOURCES
AND ORGANISATIONAL DEVELOPMENT

Philip R. Trussell
VICE PRESIDENT & MANAGING DIRECTOR
INTERNATIONAL LIFE

Report to Shareholders

The year ended March 31, 2015 was another year of strong and steady growth for Argus Group Holdings Limited and its subsidiaries (the Group). The Group's success is directly tied to our culture of adding value for our stakeholders and the communities in which we operate. This translates into the way we do business. Whether it's providing health and wellness solutions; supporting our clients in the aftermath of significant insurable events such as the two windstorms experienced in Bermuda in October 2014; or creating long-term shareholder value through strong business fundamentals, "Our Interest Is You".

2015 FINANCIAL HIGHLIGHTS



The Group's net earnings for the year ended March 31, 2015 are $16.0 million. This solid result, which was negatively impacted by Hurricanes Fay and Gonzalo, reflects the benefits of the geographic and product diversification within the Group. This result is also testament to the relentless passion and determination of our more than 200 employees, who are committed to delivering positive results from our core operations, while actively supporting our long-term strategic goals.

Net premiums written increased by $13.4 million or 11%, arising from a combination of new business and very high client retention levels. Net benefits and claims increased by $5.3 million due primarily to hurricane related claims in the Bermuda property and casualty business.

Investment income increased by $7.9 million when compared to the prior year due to unrealised gains on the fixed income portfolios.

Amortisation, depreciation and impairment increased by $8.0 million due to one-off write downs totalling $9.0 million on certain intangible assets and property and equipment as a result of prudent actions taken following the annual review of the carrying value of the Group's assets.

Operating expenses increased by $5.2 million mainly as a result of significant investments as we build a global world-class infrastructure to support strategic initiatives and growth for the future. We're enhancing our digital presence, branding our overseas locations, complying with global regulatory requirements, building scalable technology platforms and investing in our people.

Over the past few years we have committed to optimising our Balance Sheet and capital structure in a considered and orderly fashion, and the benefits are now being reflected in our financial results. Shareholders' Equity now stands at $118.3 million up from $106.1 million at the prior year-end. Our capital management ratios continue to improve and are maintained at levels that are substantially in excess of the minimum regulatory capital required to conduct the Group's insurance and investment related business.

As of March 31, 2015, the Return on average Shareholders' Equity (ROE) is 14.3 percent up from 13.3 percent in the prior year and Earnings Per Share is $0.76, up from $0.63 last year.

Strong cash flows and an improved capital position supported the return of $3 million or 14 cents per share to shareholders through dividends for the year ended March 31, 2015.

In June 2015, your Board declared an interim dividend of eight cents per share payable on July 24, 2015 for shareholders of record on July 10, 2015. This represents the interim dividend based upon the audited financial statements of the Group for the year ended March 31, 2015.

The Company's share price moved during the year from a low of $3.50 per share to a high of $4.83 per share. Based upon the average share price in the year of $4.17 per share, the dividends paid provided an annualised yield of 3.4 percent.

During 2015, the ratings agency A.M. Best upgraded the Group's issuer credit ratings to "bb+" from "bb", confirmed the Group's outlook as "stable" and affirmed the financial strength of B++ (Good).

One of the Group's priorities is creating solutions that will benefit our clients and communities. Argus is becoming a driving force in taking action to promote healthy communities and lower healthcare costs ("bending the trend") such as our wellness offerings, benefit enhancements and the expansion of the Preferred Provider Network, an overseas network of selected medical facilities focused on quality patient care. As a result of these actions, the financial results from our Health division have surpassed our expectations and provided an opportunity to pass on savings to our customers during these difficult economic times. These actions also support high client retention particularly during a period of market consolidation.

Alison Hill said

"As a local company, Argus values civic service and encourages employees to get involved in the community. Argus is in the business of preventing financial and physical misfortune for our clients and we are proud to be recognised for our work that benefits those who are making a positive difference in the community."

The financial impact for the year ended March 31, 2015 of Hurricanes Fay and Gonzalo in Bermuda was $5 million, which included a combination of net claims and loss of commissions. As part of the Group's risk mitigation programme, the Group has comprehensive reinsurance arrangements in place which reduce the financial impact of such significant insurable events. Once again, we'd like to thank our team of dedicated staff and our business partners for their exceptional service to our customers.

Our strategy of seeking opportunities to expand our footprint in Europe has contributed to the Group's financial success. During the year ended March 31, 2015, the Group acquired the client portfolio of Millennium Insurance Agency Limited in Malta. This acquisition allows Argus Insurance Agencies Limited ("AIAL"), to further strengthen its commercial customer base, while growing its existing portfolio through new and complementary lines of business.

Our property and casualty insurance operations in Gibraltar continue to perform well on the back of solid economic growth within the local economy. The Gibraltar construction market continues to remain very active with a number of large public and private sector projects being announced.

The pension and annuities division continues to deliver satisfactory growth and contributed to the positive overall Group result for the year. Assets under management grew significantly during the year through a combination of new contributions and reinvested investment returns. The strong performance of the division for the year to March 31, 2015 was aided by further declines in global interest rates, which resulted in unrealised gains in the fixed income portfolios being reported for the year. The Group's disciplined asset liability matching policy meant that these unrealised investment gains were partially offset by the effect of changes in interest rate assumptions used to determine the annuity reserves.

Advocacy

At Argus we strive to understand the needs of our insureds, members and clients. We offer more than products and services. We focus on solutions that are relevant to their success and deliver solutions that matter. We are a driving force in our communities, integrating, collaborating and connecting people, products and technology, to create experiences that are of value to our stakeholders. Through world-class employee solutions, we help our customers to be more competitive and their employees to feel healthier and more secure.

Argus Health

Actions taken to manage down the cost of healthcare have allowed Argus Health to pass on savings and in some instances even reduce premiums for our customers during challenging economic times. Argus Health has taken the initiative by being "first to market" with a number of added value offerings and benefits changes to help support growth. "No maximum limit on major medical coverage", "No restrictions on pre-existing medical conditions", and "Free second opinions and preferred access at Cancer Treatment Centers of America" have been launched with great success.

To mitigate the long-term threats of increasing healthcare costs and government transferal of services, and to support our community and offer clients increased value, Argus Health launched its groundbreaking population health initiative, "Thrive." in partnership with world-renowned Johns Hopkins Medicine International. The programme assists with

the management and coordination of care for our clients with chronic illnesses and will improve the health outcomes for our insureds and the community in Bermuda as a whole. Importantly, the population health model shows a decrease in claims while the health of our clients improves. In support of "Thrive." we created "Get Up & Thrive" which is our activity based social wellness initiative that supports and engages the broader population within a social community committed to healthy living.

Argus Pensions

A shrinking local workforce combined with mergers and acquisitions created ongoing challenges for our clients for whom our Pensions team were on hand to provide compliance support and assistance. As a short term savings option, our new one-year Interest Accumulator was well received as an appropriate vehicle to allow for timely reinvestment as interest rates improve and is a good example of our client-centric approach to solution enhancements.

Through representation on the Pension Commission Advisory Committee we provided input to proposed regulatory changes. Through client focused education and tailored solutions we continue to emphasise

the importance of sound investment strategies and retirement planning. Employee workshops, expanded online tools, service, information and advice are helping to change the lives of our clients.

Conscious Capitalism

At Argus we believe that by acting ethically and doing the right thing we can transform and inspire the lives of our stakeholders and create long-term sustainable value for our shareholders, customers, employees and our communities.

The strategic collaboration between Argus Health and Johns Hopkins Medicine International (JHI) was formed to improve population health and better manage chronic disease in Bermuda. This is more than just a collaboration between two companies, this is about improving the health of the population and ensuring the coordination of care through our own primary research. We want to empower people to take control of their own health and ensure that they have the correct tools to do so.

Mr. Irma Purisch, Managing Director,
Johns Hopkins Medicine International.

"Johns Hopkins Medicine and Bermuda share a long history of collaboration to impart knowledge and best practices in healthcare. Our work with Argus builds upon our common vision to promote long-term, sustainable improvements to the health status of the residents of Bermuda."

Property and Casualty – Bermuda

The arrival of Hurricanes Fay and Gonzalo in the space of one week in October, 2014 tested the resolve of Bermuda and created enormous challenges for Argus Property and Casualty. These events provided us with an opportunity to go beyond our promise to settle claims fairly and quickly and provide extra support to our customers during this time of stress and financial hardship. We were able to offer savings to our customers by waiving the second residential deductible for those affected by both storms, limiting their expenses to a single deductible for claims' damages. Argus also adopted a new windstorm forgiveness policy for

new and existing bike and car insurance clients in which there were no premium increases for insureds who sustained damage caused by the storms.

AFL Investments

AFL implemented service delivery enhancements, client's needs analysis to support portfolio enhancements and ongoing fund reviews to ensure we offer global best practices and solutions.

AFL has recently hired new team members who bring extensive investment and managerial expertise to the company. Focused on the strategic development of AFL, this provides an opportunity to deliver exceptional value to both individual and institutional investors and to allow AFL to expand its current offerings to its customers.

Global Scope & Growth

Long-term strategic growth in small jurisdictions is critical to expanding our book of business and spreading the risk of concentrating our business in Bermuda. The re-branding of Fogg Insurance Agencies Limited to Argus Insurance Agencies Limited (AIAL) increased our corporate profile in the Maltese business community. The acquisition of the client portfolio of Millennium Insurance Agency Limited (Millennium) in Malta further strengthens AIAL's existing commercial customer base. We see opportunities to leverage our market-leading group capabilities to deliver long-term value in our businesses based outside of Bermuda. The end result is a stronger Argus Group.

Property and Casualty – Europe

Market conditions were favourable in both Malta and Gibraltar this year with opportunities for growth and expansion in our European operations. Positive underwriting results were generated for the year from our European property and casualty operations despite the downward pressure on global rates.

The economies in Gibraltar and Malta remain healthy with government stimuli producing positive results. The resurgence of the Gibraltar construction industry allowed Argus to leverage our industry experience by offering tailor-made solutions to meet client needs.

Our re-branding of Fogg Insurance Agencies Limited in July 2014 as Argus Insurance Agencies Limited (AIAL) was very successful and supports our long-term strategy to seek further opportunities in the local Maltese insurance market. The acquisition of the portfolio of business from Millennium Insurance Agency Limited in Malta has enabled Argus to strengthen its existing business base while growing AIAL's portfolio with new and complementary lines of business.

International Life

Our International Life division is well positioned to offer insurance solutions to meet the changing needs of our global high net-worth clients. It contributes to the overall diversification of the Argus Group portfolio of business outside of Bermuda.

Strategically, International Life positions Argus and Bermuda as a sound offshore insurance alternative. The division continues to enhance our market-leading solutions to customers through attendance at industry conferences and face-to-face meetings with clients' advisors.

Mr. Mamo (a Personal lines client) said

"I have been privileged to be a client of Argus Insurance Agencies Limited, formerly Fogg Insurance Agencies Limited, for nearly fifty years. The management and staff have always been efficient, innovative and responsive to my needs and I would like to thank them for their service."

Our Interest is You

"*Our Interest is You*" speaks to our relationship with our shareholders, our customers, our employees and our communities; the focus is always on "You". Adding value to our stakeholders is core to our success. Through support of community initiatives, we can make a difference for our business while making the lives of our stakeholders "better". The opportunity to make Bermuda healthier is both real and exciting.

Population Health and wellness initiatives like "Thrive." are aligned with our business objectives while creating a healthier population. Community education that supports financial security with wealth management, retirement planning, budget planning and customised education, support our customers in times of need. We are proud to be part of the communities and we share in the challenges that our customers face every day.

The Group is proud to have been recognised for actively supporting charitable organisations and community events as the recipient of two corporate social responsibility awards from The Centre on Philanthropy in Bermuda. Our commitment is evidenced by Argus being placed second in the Corporate Social Responsibility Excellence Award and third in the Community Impact Award. These two inaugural awards were launched by The Centre on Philanthropy in partnership with the Bermuda Corporate Volunteer Council.

The Argus donation to the Chewstick Foundation supported the development of the new "Break the Chains Programme" for students ages 14–19 at public and private schools in Bermuda. Each school developed its own poetry and spoken word clubs and workshops, with the opportunity to perform at a national youth poetry event. This programme gives Bermuda's youth a chance to develop an appreciation of poetry, learn creative writing, improve their writing skills and to develop self-esteem.

Argus supported the Island-Wide School Lunch Challenge – a programme available to every primary and middle school in Bermuda, with the goal of encouraging healthy habits. As part of the programme, students learn basic nutrition and portion control, and are challenged to eat healthy lunches.

Our Interest is You

This year, in collaboration with Johns Hopkins Medicine International, the Argus Group launched "Thrive.", our population health and wellness initiative designed to help make Bermuda's health care system sustainable for the future. Argus Health members who are living with chronic illnesses will be given the tools and support they need to "be better" and manage their lives more positively. Our "Get Up & Thrive" programme, launched in March 2015, motivates Argus insureds and their insured dependents to participate in challenges that lead to the development of healthy habits and a higher quality of life. We are moving one step closer to helping our communities to Live Better.

Mr. Nick Kempe of Bermuda Forwarders (business client) said

"At first we were not sure how much buy-in we would have with the Get Up & Thrive programme, however we were pleasantly surprised with the response. We were even able to incorporate some low-tech, low-cost challenges in the daily routine that we were able to continue past the first challenge."

Building World-Class Infrastructure

Building the Brand and Connecting with Clients

We leveraged our Digital Brand Strategy to launch "Thrive." and "Get Up & Thrive". This comprehensive and integrated campaign supports the communication and enrollment in online Thrive. programmes. Television marketing was used for the first time in many years with outstanding results. Argus Health was supported with "Get Up & Thrive" roadshows to educate and inform our clients.

Managing Risk and Ensuring Regulatory Compliance

The Group risk management framework forms the basis of a robust system of internal control and provides guidelines on how to identify and mitigate material risks to which the Group may be exposed, including the evolving threat to cyber-security.

During the fiscal year, we remained in compliance with the Bermuda Monetary Authority's Insurance Code of Conduct, the Bermuda Solvency Capital Requirements (BSCR), and the requirements of our overseas regulators in Malta and Gibraltar, including the implementation of Solvency II.
We are actively implementing the requirements of the United States Foreign Account Tax Compliance Act (FATCA), the United Kingdom (UK) FATCA and the Common Reporting Standards established by the Organization for Economic Cooperation and Development. We have identified the products and clients that will be impacted by FATCA and have successfully completed the online registration with the U.S. Internal Revenue Service.

Building Scalable Infrastructure

The Group Information Technology function remains focused on the development of infrastructure platforms that provide improved service delivery across multiple business units. Argus Health Insurance is a priority, as we bring new systems on line during the forth-coming months to give our clients significantly greater functionality and flexibility.

We are removing obsolete legacy systems and hardware, which will lower our operational costs and increase efficiency, allowing us to focus on providing online transactional capabilities. This year will see the completion of our web platform standardisation strategy with the launch of an updated Argus website for Gibraltar.

We continue to work on the development of multi-country support capability, leveraging commonality of systems to create the operational platform to support our longer term strategic aims.

Leveraging Our Talent

Photos taken following the
Employees Appreciation Breakfast

We know that our client-centric culture will only remain robust and dynamic by continuing to enhance the employee initiatives that promote high engagement and satisfaction.

Engaged employees = unparalleled customer service = happy and satisfied clients.

Leveraging our Talent

Through our global presence, we can take advantage of opportunities to cross-train and develop our employees to create a more sophisticated, diverse and successful organisation.

Our annual employee engagement survey was completed by all employees across the three territories, which provided us with feedback on what matters most to our staff. We know that our client-centric culture will only remain robust and dynamic by continuing to enhance the employee initiatives that promote high engagement and satisfaction. We support initiatives like our annual Staff Appreciation Day which for the first time this year was celebrated with all three offices participating on the same day. We are also proud of being recognised for our commitment to our people. For the second consecutive year, Argus participated in the "Bottom Line" magazine annual survey of Top 10 Employers in Bermuda and was awarded fourth place, up one position from the previous year.

At the forthcoming Annual General Meeting in September, Mr. David Pugh will step down as Chief Financial Officer in advance of his retirement from the Argus Group in January 2016. On behalf of the Board and Management we would like to express our sincere appreciation to Mr. Pugh for his 32 years of dedicated service to the Argus Group.

We are pleased to note that Mr. Pugh will continue to support executive management in the delivery of our strategic plans on a consultancy basis. Mr. Pugh will be succeeded as Chief Financial Officer by Mr. Peter Dunkerley. Mr Dunkerley joined the Argus Group in November 2012 as Executive Vice President Finance & Treasury and has been working closely with Mr Pugh to ensure a smooth transition.

Alison Hill said

"It is an honour to be selected as a top employer in Bermuda. The Argus culture encourages teamwork, mutual support and empowerment and we are proud to have been recognised as a company that values its people. The service we provide to our clients is a direct result of the engagement of our staff in the work they do. To be acknowledged again among the best employers in Bermuda is a source of great pride for Argus."

In June 2014, Mr. David Simons, a Bermudian, was appointed to the new position of Vice President, Finance Operations. In this role, Mr. Simons will be responsible for overseeing finance and treasury operations and enhancing management insight and information.

Note of appreciation

On behalf of the Board and Management we would like to express our appreciation to Mr. John D. Campbell who will be retiring from the Board at the forthcoming Annual General Meeting. We are grateful for his 33 years of service as a Director of the Company.

Finally, we wish to thank our shareholders and clients for their continued support and acknowledge and commend the hard work and commitment of our staff.

Sheila E. Nicoll
CHAIRMAN

Alison S. Hill
CHIEF EXECUTIVE OFFICER

July 10, 2015

Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements and other financial information in this Annual Report have been prepared by the Group's management, which is responsible for their integrity, consistency, objectivity and reliability. To fulfill this responsibility, the Group maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate such that relevant and reliable financial information is produced and assets are safeguarded. These controls include the careful selection and training of employees, the establishment of well-defined areas of responsibility and accountability for performance, and the communication of policies and a code of conduct throughout the Group. In addition, the Group maintains an Internal Audit Department that conducts periodic audits of all aspects of the Group's operations. The Internal Audit Department reports directly to the Audit Committee.

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards and, where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying consolidated financial statements.

KPMG Audit Limited, the independent chartered professional accountants appointed by the Shareholders, have audited the consolidated financial statements set out on pages 20 through 81 in accordance with International Standards on Auditing to enable them to express to the Shareholders their opinion on the consolidated financial statements. Their report is shown opposite.

The consolidated financial statements have been further reviewed and approved by the Board of Directors acting through the Audit Committee, which is comprised of directors who are not officers or employees of the Group. The Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors, oversees management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee, both with and without management present, to discuss their audit and related findings.

These consolidated financial statements were authorised for issue by the Board of Directors on July 10, 2015.

Alison S. Hill
CHIEF EXECUTIVE OFFICER

David W. Pugh
CHIEF FINANCIAL OFFICER

July 10, 2015

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ARGUS GROUP HOLDINGS LIMITED AND SUBSIDIARIES

We have audited the accompanying consolidated financial statements of Argus Group Holdings Limited (the "Group"), which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year ended March 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Argus Group Holdings Limited as at March 31, 2015, and its consolidated financial performance and its consolidated cash flows for the year ended March 31, 2015 in accordance with International Financial Reporting Standards.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda

July 10, 2015

CONSOLIDATED BALANCE SHEET

(In $ thousands)	Note	MARCH 31 2015	Restated* MARCH 31 2014
ASSETS			
Cash and short-term investments		33,095	31,340
Interest and dividends receivable		3,630	3,930
Investments	3	480,205	417,519
Insurance balances receivable	6	10,830	13,057
Reinsurers' share of:			
Claims provisions	12	33,898	13,992
Unearned premiums	12	9,199	9,422
Other assets	8	7,101	9,019
Deferred policy acquisition costs	9	1,317	1,504
Investment in associates	5	11,782	11,292
Investment properties	7	10,448	5,885
Property and equipment	10	59,697	69,282
Intangible assets	11	2,383	4,640
TOTAL GENERAL FUND ASSETS		663,585	590,882
TOTAL SEGREGATED FUND ASSETS	29	1,557,211	1,514,248
TOTAL ASSETS		2,220,796	2,105,130
LIABILITIES			
Insurance contract liabilities	12	227,164	200,910
Insurance balances payable	13	11,062	14,185
Payables arising from investment transactions	15	46,043	18,555
Investment contract liabilities	16	238,573	229,983
Taxes payable		91	66
Accounts payable and accrued liabilities		16,792	15,444
Post-employment benefit liabilities	17	4,042	4,218
TOTAL GENERAL FUND LIABILITIES		543,767	483,361
TOTAL SEGREGATED FUND LIABILITIES	29	1,557,211	1,514,248
TOTAL LIABILITIES		2,100,978	1,997,609
EQUITY			
Attributable to Shareholders of the Company			
Share capital		17,383	16,939
Contributed surplus		52,698	52,578
Retained earnings		52,141	40,413
Accumulated other comprehensive loss	31	(3,893)	(3,839)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		118,329	106,091
Attributable to non-controlling interests		1,489	1,430
TOTAL EQUITY		119,818	107,521
TOTAL EQUITY AND LIABILITIES		2,220,796	2,105,130

**See Note 2.19*

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

For the years ended March 31 (In $ thousands, except per share data)	Note	2015	Restated* 2014
REVENUE			
Gross premiums written		177,426	166,885
Reinsurance ceded		(39,056)	(41,871)
Net premiums written		138,370	125,014
Net change in unearned premiums	21	(485)	(700)
Net premiums earned		137,885	124,314
Investment income	3	14,828	6,887
Share of earnings of associates	5	746	734
Commissions, management fees and other	24	31,428	31,312
		184,887	163,247
EXPENSES			
Policy benefits		14,193	14,406
Claims and adjustment expenses		105,450	90,541
Reinsurance recoveries	22	(27,282)	(11,623)
Gross change in contract liabilities	23	29,017	1,580
Change in reinsurers' share of claims provisions	23	(20,805)	342
NET BENEFITS AND CLAIMS		100,573	95,246
Commission expenses		5,472	4,926
Operating expenses	25	47,747	42,579
Amortisation, depreciation and impairment	10 ; 11	14,746	6,727
		168,538	149,478
EARNINGS BEFORE INCOME TAXES		16,349	13,769
Income taxes	28	142	(60)
NET EARNINGS FOR THE YEAR		16,491	13,709
Attributable to:			
Shareholders of the Company		16,032	13,304
Non-controlling interests		459	405
		16,491	13,709
Earnings per share:	20		
Basic		*0.76*	*0.63*
Fully diluted		*0.76*	*0.63*

**See Note 2.19*

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended March 31 (In $ thousands, except per share data)	Note	2015	Restated* 2014
NET EARNINGS FOR THE YEAR		16,491	13,709
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that will not be reclassified to net earnings:			
Remeasurement of post-employment medical benefit obligation	17	306	492
Reclassification of actuarial losses arising from an associate's defined benefit plan		1,090	-
Items that are or may subsequently be reclassified to net earnings:			
Change in unrealised losses on available-for-sale investments		(25)	(20)
Share of other comprehensive income/(loss) of associates	5	12	(2)
Change in unrealised (losses)/gains on translating financial statements of foreign operations		(1,437)	1,087
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(54)	1,557
COMPREHENSIVE INCOME FOR THE YEAR		16,437	15,266
OTHER COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
Shareholders of the Company		(54)	1,557
		(54)	1,557
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the Company		15,978	14,861
Non-controlling interests		459	405
		16,437	15,266

**See Note 2.19.*

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended March 31 (In $ thousands)	Note	2015	Restated* 2014
SHARE CAPITAL			
Authorised:			
25,000,000 common shares of $1.00 each (2014 – 25,000,000)		25,000	25,000
Issued and fully paid, beginning of year 21,525,159 shares (2014 – 21,511,163 shares)		21,525	21,511
Add: Shares issued under the dividend reinvestment plan 47,989 shares (2014 – 13,996 shares)	19	48	14
Deduct: Shares held in Treasury, at cost 436,709 shares (2014 – 468,701 shares)		(4,190)	(4,586)
TOTAL, NET OF SHARES HELD IN TREASURY, END OF YEAR		17,383	16,939
CONTRIBUTED SURPLUS			
Balance, beginning of year		52,578	52,615
Shares vested under the restricted stock plan	26	159	87
Treasury shares granted to employees	26	(180)	(191)
Shares issued under the dividend reinvestment plan	19	141	44
Transaction with non-controlling interests		-	23
BALANCE, END OF YEAR		52,698	52,578
RETAINED EARNINGS			
Balance, beginning of year		40,413	29,652
Net earnings for the year		16,032	13,304
Dividends	19	(2,955)	(2,522)
Reclassification of actuarial losses arising from an associate's defined benefit plan		(1,090)	-
Loss on treasury shares granted to employees		(259)	(21)
BALANCE, END OF YEAR		52,141	40,413
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Balance, beginning of year		(3,839)	(5,396)
Other comprehensive (loss)/income for the year		(54)	1,557
BALANCE, END OF YEAR	31	(3,893)	(3,839)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		118,329	106,091
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
Balance, beginning of year		1,430	1,457
Net earnings for the year		459	405
Distributions to non-controlling interests		(400)	(409)
Changes due to business combination		-	(23)
BALANCE, END OF YEAR		1,489	1,430
TOTAL EQUITY		119,818	107,521

**See Note 2.19*

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended March 31 (In $ thousands)	2015	Restated* 2014
OPERATING ACTIVITIES		
Earnings before income taxes	16,349	13,769
Adjustments to reconcile net earnings to cash basis (Footnote (i) below)	846	451
Change in operating balances (Footnote (ii) below)	19,283	14,794
Interest income received	8,650	7,407
Dividend income received	1,336	1,794
Income taxes recovered/(paid)	173	(61)
CASH GENERATED FROM OPERATING ACTIVITIES	46,637	38,154
INVESTING ACTIVITIES		
Purchase of investments	(1,247,200)	(550,592)
Sale and maturity of investments	1,209,376	518,073
Purchase of property and equipment	(2,514)	(3,148)
Sale of investment property	-	925
Purchase of intangible assets	(655)	-
CASH USED IN INVESTING ACTIVITIES	(40,993)	(34,742)
FINANCING ACTIVITIES		
Dividends paid to Shareholders	(2,826)	(2,464)
Dividends paid to non-controlling interests	(400)	(409)
Acquisition of shares held in Treasury	-	(29)
CASH USED IN FINANCING ACTIVITIES	(3,226)	(2,902)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND SHORT-TERM INVESTMENTS	(663)	504
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS	1,755	1,014
BALANCE, BEGINNING OF YEAR	31,340	30,326
BALANCE, END OF YEAR	33,095	31,340

Footnotes

		2015	2014
(i)	Interest income	(12,490)	(11,388)
	Dividend income	(1,036)	(1,797)
	Investment income related to the Deposit administration pension plans	2,217	2,765
	Net realised and unrealised (gains)/losses on investments	(7,790)	2,506
	Amortisation of net premium of bonds	1,602	1,848
	Net impairment losses arising from investments	1,874	297
	Share of earnings of associates	(746)	(734)
	Change in fair value of investment property	2,310	140
	Amortisation, depreciation and impairment	14,746	6,727
	Expense on vesting of stock-based compensation	159	87
		846	451
(ii)	Insurance balances receivable	1,832	5,706
	Reinsurers' share of:		
	Claims provisions	(20,715)	338
	Unearned premiums	(81)	997
	Other assets	1,539	(883)
	Deferred policy acquisition costs	50	39
	Insurance contract liabilities	29,415	888
	Insurance balances payable	(2,913)	3,252
	Investment contract liabilities	8,590	5,476
	Accounts payable and accrued liabilities	1,436	(1,205)
	Post-employment benefit liability	130	186
		19,283	14,794

**See Note 2.19*

The accompanying notes form part of these consolidated financial statements.

CONTENTS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 OPERATIONS

Argus Group Holdings Limited (the Company) was incorporated in Bermuda with limited liability on May 26, 2005, as a holding company and has its registered office at the Argus Building, 14 Wesley Street, Hamilton HM 11, Bermuda. The Company's shares are traded on the Bermuda Stock Exchange. At March 31, 2015, it has 1,339 shareholders; 87.2 percent of whom were Bermudian, holding 82.3 percent of the issued shares.

The Company and its subsidiaries (the Group) operates predominantly in Bermuda, Gibraltar and Malta underwriting life, health, property and casualty insurance. The Group also provides investment, savings and retirement products, and administrative services. Refer to Note 18 for details on the composition of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the consolidated financial statements are discussed below and are applied consistently.

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with the provisions of the Bermuda Companies Act 1981, as amended.

2.2 BASIS OF PRESENTATION

2.2.1 Basis of measurement

The consolidated financial statements have been compiled on the going concern basis and prepared on the historical cost basis except for the following material items on the Consolidated Balance Sheet:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL) are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Derivative financial instruments are measured at fair value;
- Investment properties are measured at fair value;
- Segregated fund assets and liabilities are measured at fair value; and
- Post-employment benefit liability is measured at the present value of the defined benefit obligation.

The Consolidated Balance Sheet is presented in order of decreasing liquidity.

2.2.2 Presentation currency

All amounts, excluding per share data or where otherwise stated, are in thousands of Bermuda dollars, which is the Group's presentation currency and which is on par with United States (U.S.) dollars.

2.2.3 Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:
Note 2.4 – foreign currency translation;
Note 2.9 – insurance contracts and investment contracts;
Note 2.16 and Note 32.1 – leases and operating leases;
Note 5 – investment in associates; and
Note 7 – investment properties.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:
Note 2.7 – impairment of assets;
Note 3 and Note 16 – investments and investment contract liabilities; and
Note 12 – insurance contract liabilities.

2.3 BASIS OF CONSOLIDATION

2.3.1 Business combinations

The Group uses the acquisition method to account for the acquisition of subsidiaries. At the date of acquisition, the Group recognises the identifiable assets acquired and liabilities assumed as part of the overall business combination transaction at their fair value. Recognition of these items is subject to the definitions of assets and liabilities in accordance with the IASB's Framework for the Preparation and Presentation of Financial Statements. The Group may also recognise intangible items not previously recognised by the acquired entity, such as customer lists.

Transaction costs that the Group incurs in connection with the business combination are expensed as incurred.

Amalgamation transactions

Under a business combination where entities under common control are amalgamated, the carrying values of the assets and liabilities of the entities are combined. Transactions arising from the amalgamation of the entities under common control are eliminated in the Group's consolidated financial statements.

2.3.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results and financial position of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group's consolidated financial statements include the financial statements of the Company and its subsidiaries after all significant intercompany accounts and transactions have been eliminated. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

2.3.3 Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interest in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2.3.4 Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operational policies. Significant influence is normally presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Other indicators that may provide evidence of significant influence include representation on the board of directors of the investee, participation in policy-making processes and provision of technical information.

Investment in associates is initially recognised at cost, which includes transaction costs. Thereafter, these investments are measured using the equity method. Under the equity method, the Group records its proportionate share of income and loss from such investments on the Consolidated Statement of Operations and its proportionate share of Other Comprehensive Income on the Consolidated Statement of Comprehensive Income. Certain associates have different accounting policies from the Group and, as a result, adjustments have been made to align the associate's accounting policies with the Group.

When the Group's share of losses exceeds its interest in an Investment in associates, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

2.4 FOREIGN CURRENCY TRANSLATION

2.4.1 Remeasurement of transactions in foreign currencies

The individual financial statements of the Company and its subsidiaries are prepared in the currency in which they conduct their ordinary course of business, which is referred to as the functional currency. Monetary assets and liabilities denominated in currencies other than the functional currency of the Company or its subsidiaries are remeasured into the functional currency using rates of exchange at the balance sheet date. Income and expenses are translated at average rates of exchange. Foreign exchange gains and losses are reflected in Operating expenses on the Consolidated Statement of Operations.

2.4.2 Translation to the presentation currency

The financial statements of foreign operations are translated from their respective functional currencies to Bermuda dollars, the Group's presentation currency. Assets and liabilities are translated at the rates of exchange at the balance sheet date, and income and expenses are translated using the average rates of exchange. The accumulated gains or losses arising from translation of functional currencies to the presentation currency are included in Other comprehensive income on the Consolidated Statement of Comprehensive Income.

2.5 CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments include cash balances, cash equivalents and time deposits with maturities of three months or less at the date of purchase. Interest on these balances is recorded on the accrual basis and included in Investment income.

2.6 FINANCIAL INSTRUMENTS

2.6.1 Financial assets

2.6.1(a) Classification and recognition of financial assets

The Group has the following financial assets: (i) financial assets at FVTPL, (ii) held-to-maturity financial assets, (iii) loans and receivables and (iv) available-for-sale financial assets. Management determines the classification of financial assets at initial recognition.

(i) Financial assets at FVTPL

A financial asset is classified at FVTPL if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management and investment strategies.

Attributable transaction costs upon initial recognition are recognised in Investment income on the Consolidated Statement of Operations as incurred. FVTPL financial assets are measured at fair value, and changes therein are recognised in Investment income on the Consolidated Statement of Operations. Dividends earned on equities are recorded in Investment income on the Consolidated Statement of Operations.

(ii) Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Amortisation of premiums and accretion of discounts are included in Investment income on the Consolidated Statement of Operations.

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost less any impairment losses. Interest income from Loans and receivables is recognised in Investment income on the Consolidated Statement of Operations using the effective interest method.

For the purposes of this classification, Loans and receivables are comprised of Mortgages and loans, Interest and dividends receivable and other receivables in Other assets on the Consolidated Balance Sheet.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the previous categories. Certain equity securities of the Group are classified as available-for-sale financial assets. These equities are subsequently carried at fair value except unquoted equities, which are carried at cost. Changes in fair value other than impairment losses are recognised in Other comprehensive income and presented on the Consolidated Statement of Comprehensive Income. When an investment is derecognised, the cumulative gain or loss in Other comprehensive income is transferred to the Consolidated Statement of Operations. Dividends earned on equities are recorded in Investment income on the Consolidated Statement of Operations.

The Group initially recognises loans and receivables at their date of inception. All other financial assets (including assets designated at FVTPL) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Balances pending settlement as a result of sales and purchases are reflected on the Consolidated Balance Sheet as Receivable for investments sold under Other assets and Payable for investments purchased.

2.6.1(b) Derecognition and offsetting

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, which is normally the trade date. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented on the Consolidated Balance Sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6.2 Financial Liabilities

2.6.2(a) Classification and recognition of financial liabilities

The Group has the following financial liabilities: (i) financial liabilities at FVTPL and (ii) other financial liabilities. Management determines the classification of financial liabilities at initial recognition.

(i) Financial liabilities at FVTPL

The Group's financial liabilities at FVTPL relate to deposit accounted annuity policies shown under Investment contract liabilities on the Consolidated Balance Sheet. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. Changes in fair value of investment contract liabilities are recorded in Gross change in contract liabilities on the Consolidated Statement of Operations (Note 2.9.2).

(ii) Other financial liabilities

All remaining financial liabilities are classified as other financial liabilities which include Investment contract liabilities related to the deposit administration pension plans and self-funded group health policies (Note 2.9.2), Payables arising from investment transactions and Accounts payable and accrued liabilities. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Payables arising from investment transactions and Accounts payable and accrued liabilities are considered short-term payables with no stated interest.

All other financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

2.6.2(b) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.6.3 Derivative financial assets

Investments in derivative instruments are measured at FVTPL and are considered to be held-for-trading. Derivatives are initially recognised at estimated fair value on the date into which a contract is entered. The attributable transaction costs are recognised in Investment income on the Consolidated Statement of Operations as incurred. These investments in derivative instruments are subsequently carried at estimated fair value. Changes in the estimated fair value of instruments that do not qualify for hedge accounting are recognised in Investment income on the Consolidated Statement of Operations. The Group does not hold any derivatives classified as hedging instruments. Derivative financial assets and liabilities are reported net under Investments on the Consolidated Balance Sheet.

2.6.4 Investment income

Interest is recorded in Investment income on the Consolidated Statement of Operations as it accrues, using the effective interest method. Dividend income is recognised on the date the Group's right to receive payment is established which, in the case of quoted securities, is normally the ex-dividend date.

2.7 IMPAIRMENT OF ASSETS

2.7.1 Impairment of financial assets

The carrying amounts of the Group's financial assets, except those classified under FVTPL, are reviewed at each reporting date for impairment and reversal of previously recognised impairment losses. These assets are considered impaired if there is objective evidence of impairment as a result of one or more loss events that have an impact that can be reliably determined based on estimated future cash flows of the asset. Objective factors that are considered when determining whether a financial asset or group of financial assets may be impaired include, but are not limited to, the following:

- negative rating agency announcements in respect of investment issuers and debtors;
- significant reported financial difficulties of investment issuers and debtors;
- actual breaches of credit terms such as persistent late payments or actual default;
- the disintegration of the active market(s) in which a particular asset is traded or deployed;
- adverse economic or regulatory conditions that may restrict future cash flows and asset recoverability;
- the withdrawal of any guarantee from statutory funds or sovereign agencies implicitly supporting the asset; and
- significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2.7.1(a) Held-to-maturity financial assets and Loans and receivables

The Group considers evidence of impairment for Held-to-maturity investment assets and Loans and receivables at both a specific asset and collective level. All individually significant Held-to-maturity financial assets and Loans and receivables are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Held-to-maturity financial assets and Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together investments with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgments as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. If there is objective evidence that an impairment loss on Held-to-maturity financial assets or Loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The impairment loss is recognised in Investment income on the Consolidated Statement of Operations and reflected in an allowance account against the Held-to-maturity financial assets or Loans and receivables.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in Investment income on the Consolidated Statement of Operations.

2.7.1(b) Available-for-sale financial assets

When there is objective evidence that an available-for-sale asset is impaired, the loss accumulated in Other comprehensive income is reclassified to the Consolidated Statement of Operations in Investment income. The cumulative loss that is reclassified from Other comprehensive income to Investment income is the difference between the cost and the current fair value less any impairment loss recognised previously in Investment income on the Consolidated Statement of Operations. Impairment losses on available-for-sale equity securities are not reversed.

2.7.1(c) Investment in associates

When there is objective evidence that an Investment in an associate is impaired, an impairment loss is measured by comparing the recoverable amount of the investment with its carrying value. The recoverable amount is determined in accordance with Note 2.7.2.

An impairment loss is recognised in Share of earnings of associates on the Consolidated Statement of Operations. Reversal of a previously recognised impairment loss is made if there has been a favourable change in the estimates used to determine the recoverable amount.

2.7.2 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets comprising of Investment in associates, Investment properties, Property and equipment and Intangible assets are reviewed at each reporting date to determine if there is objective evidence of impairment. Objective factors that are considered when determining whether a non-financial asset may be impaired include, but are not limited to, the following:

- adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability;
- the likelihood of accelerated obsolescence arising from the development of new technologies and products; and
- the disintegration of the active market(s) to which the asset is related.

If objective evidence of impairment exists, then the asset's recoverable amount is estimated. An impairment loss is recognised in Amortisation, depreciation and impairment on the Consolidated Statement of Operations if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Assets which cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

2.8 INVESTMENT PROPERTIES

Investment properties are real estate and real estate fractional units primarily held to earn rental income or held for capital appreciation. Rental income from investment properties is recognised on a straight-line basis over the term of the lease. Properties that do not meet these criteria are classified as Property and equipment. Expenditures related to ongoing maintenance of properties subsequent to acquisition are expensed as incurred. Investment properties are initially recognised at the transaction price including acquisition costs on the Consolidated Balance Sheet. These properties are subsequently measured at fair value with changes in values recorded in Investment income on the Consolidated Statement of Operations.

Fair values are evaluated regularly by an accredited independent valuation specialist to reflect market conditions at the reporting date.

2.9 INSURANCE CONTRACTS AND INVESTMENT CONTRACTS

2.9.1 Insurance contracts

Insurance contracts are those contracts where the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

2.9.1(a) Premiums and acquisition costs

Premiums written from the Group's Property and casualty and Group insurance operating segments as defined in Note 2.18 are recognised as revenue over the terms of the policies. The reserve for Unearned premiums represents that portion of premiums written that relates to the unexpired terms of the policies and are included in Insurance contract liabilities on the Consolidated Balance Sheet. Life and annuity premiums are recognised as income when due.

Costs related to the acquisition of Property and casualty and Group insurance premiums are charged to income over the period of the policy. Acquisition costs are comprised of commissions and those associated with unearned premiums are deferred and are amortised to income over the periods in which the premiums are earned. This is shown as Deferred policy acquisition costs on the Consolidated Balance Sheet. Policy acquisition costs related to unearned premiums are only deferred to the extent that they can be expected to be recovered from the unearned premiums. If the unearned premiums are insufficient to pay expected claims and expenses, a premium deficiency is recognised initially by writing down the deferred acquisition cost asset and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision). Deferred policy acquisition costs written off as a result of this test cannot subsequently be reinstated.

2.9.1(b) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognised when due and measured on initial recognition at the fair value of the consideration receivable or payable. Subsequent to initial recognition, Insurance balances receivable and Insurance balances payable are measured at amortised cost. The carrying value of Insurance balances receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in Operating expenses on the Consolidated Statement of Operations.

Insurance balances receivable and Insurance balances payable are derecognised when the derecognition criteria for financial assets and financial liabilities, as described in Note 2.6 have been met.

2.9.1(c) Reinsurance

Reinsurance ceded premiums comprise the cost of reinsurance contracts into which the Group has entered. Reinsurance premiums are recognised from the date the reinsurer has contracted to accept the risks and the amount of premium can be measured reliably. The Reinsurers' share of unearned premiums represents that part of reinsurance premiums ceded which are estimated to be earned in future financial periods. Unearned reinsurance commissions are recognised as a liability using the same principles and are shown under Insurance balances payable on the Consolidated Balance Sheet. The Reinsurers' share of claims provisions is estimated using the same methodology as the underlying losses. These represent the benefit derived from reinsurance agreements in force at the date of the Consolidated Balance Sheet. Amounts due to or from reinsurers with respect to premiums or claims are included in Insurance balances payable or Insurance balances receivable on the Consolidated Balance Sheet.

The Group periodically assesses any reinsurance assets for impairment, with any impairment loss recognised in Reinsurance recoveries on the Consolidated Statement of Operations in the period in which any impairment is determined.

2.9.1(d) Insurance contract liabilities

Insurance contract liabilities shown on the Consolidated Balance Sheet include (i) Life and annuity policy reserves and (ii) Provision for unpaid and unreported claims.

(i) Life and annuity policy reserves

Life and annuity policy reserves are determined by the Group's actuaries and represent the amounts which, together with future premiums and investment income, are required to discharge the obligations under life and annuity contracts and to pay expenses related to the administration of these contracts. These reserves are determined using generally accepted actuarial practices according to standards established by the Canadian Institute of Actuaries (CIA). The CIA requires the use of the Canadian Asset Liability Method (CALM) for the valuation of actuarial liabilities for all lines of business. The policy actuarial liability reserves under CALM are calculated by projecting asset and liability cash flows under a variety of interest rate scenarios using best-estimate assumptions, together with margins for adverse deviations with respect to other contingencies pertinent to the valuation. The policy actuarial liability reserves make provision for the expected experience scenario and for adverse deviations in experience.

(ii) Provision for unpaid and unreported claims

Provision for unpaid and unreported claims represents the best estimate of the ultimate costs of claims in the course of settlement and claims incurred but not yet reported. The provision is continually reviewed and updated by management and the Group's actuaries. Any adjustments resulting from the review process, as well as differences between estimates and ultimate payments, are reflected in Claims and adjustment expenses and Gross change in contract liabilities on the Consolidated Statement of Operations in the year in which they are determined.

Provision for unpaid and unreported claims are not discounted.

2.9.2 Investment contracts

Contracts issued that do not transfer significant insurance risk, but do transfer financial risk from the policyholder, are financial liabilities and are accounted for as investment contracts. Service components of investment contracts are treated as service contracts. Fees earned from the service components of investment contracts are included on the Consolidated Statement of Operations under Commissions, management fees and other.

Liabilities for investment contracts are measured at FVTPL or amortised cost (Note 2.6.2).

The following contracts are the investment contract liabilities of the Group:

(i) Deposit administration pension plans are plans where the Group's liability is linked to contributions received, plus a predetermined and guaranteed return. The liability related to these plans is carried at amortised cost.

(ii) Self-funded group health policies are refund accounting agreements which provide for the retroactive adjustment of premiums based upon the claims experience of the policyholder. Under these agreements, any surplus arising is set off against future deficits or returned to the policyholder. Any deficit that may arise is set off against future surpluses or may be recovered in full, or in part, by lump sum payments from policyholders. As these agreements do not transfer insurance risk, funds received under these agreements are accounted for as investment contracts. Assets and liabilities arising from this type of policies are measured at amortised cost.

(iii) Deposit accounted annuity policies relate to policies which do not transfer significant insurance risk but do transfer financial risk from the policyholders and are measured at FVTPL.

2.10 PROPERTY AND EQUIPMENT

Owner-occupied properties and all other assets classified as Property and equipment are stated at cost less accumulated depreciation and impairment. Subsequent costs are included in the assets' carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of Property and equipment are incurred in Operating expenses on the Consolidated Statement of Operations.

Depreciation is calculated so as to write the assets off over their estimated useful lives at the following rates per annum:

Buildings	2.5%
Computer equipment	20% – 33%
Furniture, equipment and leasehold improvements	10% – 15%

The assets' residual values, useful lives and method of depreciation are reviewed regularly, at a minimum at the end of each fiscal year, and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is considered to be impaired and it is written down immediately to its recoverable amount. In the event of an improvement in the estimated recoverable amount, the related impairment may be reversed. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount, and are recognised in Commissions, management fees and other on the Consolidated Statement of Operations.

2.11 INTANGIBLE ASSETS

Intangible assets refer to customer lists which are initially measured at fair value by estimating the net present value of future cash flows from the contracts in force at the date of acquisition. These are amortised on a straight-line basis over their estimated useful lives, which range from 3 to 16 years.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in Operating expenses on the Consolidated Statement of Operations as incurred.

Annually, management reviews the remaining portion of Intangible assets based upon estimates of future earnings and recognises any permanent impairment in Amortisation, depreciation and impairment on the Consolidated Statement of Operations in the year in which it is identified.

2.12 SEGREGATED FUNDS

Segregated funds are lines of business in which the Group issues a contract where the benefit amount is directly linked to the fair value of the investments held in the particular segregated fund. Although the underlying assets are registered in the name of the Group and the segregated fund policyholder has no direct access to the specific assets, the contractual arrangements are such that the segregated fund policyholder bears the risks and rewards of the fund's investment performance.

Segregated funds are carried at fair value. Fair values are determined using quoted market values or, where quoted market values are not available, estimated fair values as determined by the Group. Segregated fund assets may not be applied against liabilities that arise from any other business of the Group. The investment results of the Segregated funds are reflected directly in Segregated fund liabilities. The Group derives only fee income which is included within Commissions, management fees and other on the Consolidated Statement of Operations. Deposits to segregated funds are reported as increases in Segregated funds liabilities and are not reported on the Consolidated Statement of Operations.

2.13 EMPLOYEE BENEFITS

Post-employment benefits

The Group operates a post-employment medical benefit plan. The Group accrues the cost of these defined benefits over the periods in which the employees earn the benefits. The post-employment benefit liability is calculated using the projected unit credit actuarial cost method. The present value of the defined benefit liability is determined by discounting the estimate of future cash flows using interest rates of AA rated corporate bonds that have terms to maturity that approximate the terms of the related post-employment benefit liability.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in Other comprehensive income on the Consolidated Statement of Comprehensive Income. Interest expense and other expenses related to the post-employment medical benefit plan are recognised in Operating expenses on the Consolidated Statement of Operations.

Pensions

The Group operates a defined contribution plan. On payment of contributions to the plan there is no further legal or constructive obligations to the Group. Contributions are recognised as employee benefits on the Consolidated Statement of Operations under Operating expenses in the period to which they relate.

Stock-based compensation

The Group has two stock-based compensation plans for eligible employees, namely the Stock Option Plan and the Restricted Stock Plan.

The Stock Option Plan is accounted for under the fair value method. The fair value of stock-based awards is determined using the Black-Scholes option pricing model and is amortised over the applicable vesting period as compensation expense. There have been no stock options granted since 2007.

The Restricted Stock Plan is accounted for under the fair value method. The fair value of each share granted under the Restricted Stock Plan is based upon the market price at the date of grant. The estimated fair value is recognised as an expense pro-rata over the vesting period, adjusted for the impact of any non-market vesting conditions. This is included in the Operating expenses on the Consolidated Statement of Operations and in the Contributed surplus on the Consolidated Statement of Changes in Equity.

At each reporting date, the Group reviews its estimate of the number of shares that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, on the Consolidated Statement of Operations, and a corresponding adjustment is made to Contributed surplus over the remaining vesting period. On exercise, the differences between the expense charged to the Consolidated Statement of Operations and the actual cost to the Group is transferred to Contributed surplus.

2.14 TAXATION

Current and deferred taxes are recognised on the Consolidated Statement of Operations, except when they relate to items recognised in Other comprehensive income, in which case the current and deferred taxes are also recognised in Other comprehensive income.

Current taxes are based on the taxable result for the period. The taxable result for the period differs from the result as reported on the Consolidated Statement of Operations because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are generally recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

2.15 SHARE CAPITAL

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity, net of any tax effects.

Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes direct attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified and presented under Treasury Shares on the Consolidated Statement of Changes in Equity. When Treasury Shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in Contributed surplus on the Consolidated Statement of Changes in Equity.

2.16 LEASES

The Group is a lessor and a lessee of assets, primarily in connection with office space leases. Transactions where substantially all risks and rewards incidental to ownership are transferred from the lessor to the lessee are accounted for as finance leases. All other leases are accounted for as operating leases. The Group's leases are all accounted for as operating leases.

The Group's assets held for leasing are included in Property and equipment and Investment properties. Rental income from operating leases is recorded as revenue on a straight-line basis over the term of the lease. This is shown under Investment income on the Consolidated Statement of Operations.

For leases where the Group is the lessee, payments are charged to Operating expenses on the Consolidated Statement of Operations on a straight-line basis over the period of the lease.

2.17 EARNINGS PER SHARE

Basic earnings per share is presented on the Consolidated Statement of Operations and is calculated by dividing net earnings by the time-weighted average number of shares in issue during the year.

For the purpose of calculating fully diluted earnings per share, the time-weighted average number of shares in issue has been adjusted to reflect the additional shares that would have resulted had all stock options outstanding been exercised and in issue throughout the year. When there is a loss, no potential common shares are included in the computation of fully diluted earnings per share.

2.18 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group is organised into operating segments based on their products and services. These operating segments mainly operate in the financial services industry and reflect the management structure and internal financial reporting of the Group. All operating segments' results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment operating revenue is derived primarily from insurance premium and fees and commission income.

The Group has four reportable segments as follows:

(i) Group insurance – comprised of insured employee benefits; group health, life, long-term disability and employer's indemnity coverage;

(ii) Life and pensions – including individual life insurance, annuities and group retirement income plans;

(iii) Property and casualty – including fire and windstorm (home and commercial property), all risks, liability, marine and motor coverage in Bermuda, Gibraltar and Malta; and

(iv) All other – representing the combined operations of the remaining components of the Group comprising two management companies, a holding company, property companies and an investment management services company.

2.19 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has applied the following new and revised standards issued by the International Accounting Standards Board (IASB)) that are mandatorily effective for the accounting period beginning April 1, 2014.

- Amendments to IAS 32, Financial Instruments: Presentation
- Amendments to IAS 36, Impairment of assets
- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities

The adoption of the new and revised standards did not have a significant impact on the Group's consolidated financial statements.

The impact of the adoption of the amendments to IAS 32 along with the changes to certain accounting policies is detailed below.

2.19.1 Amendments IAS 32

Upon adoption of the Amendments to IAS 32, Derivatives are now shown gross on the Consolidated Balance Sheet and resulted in an increase in Investments and Payables arising from investment transactions.

2.19.2 Changes in Accounting Policy

2.19.2(a) Commission Income and Commission Expense

Effective April 1, 2014, Argus Insurance Agencies Limited (AIAL) changed its accounting policy to defer recognition of commission income and commission expense. Prior to the change, AIAL recognised commission income and commission expense in full at policy inception date.

AIAL operates as an insurance agent and provides claims processing services to an affiliate. By deferring commission income and commission expense, AIAL will better match the timing of when commission income and commission expense are recognised against when services are provided by/to AIAL.

2.19.2(b) Segregated Funds with Guaranteed Return

During the year, the Group reclassified funds previously classified under Segregated funds with a guaranteed return to the General funds. These funds are generated from the Deposit administration pension plans where the Group's liability is linked to contributions received, plus a predetermined and guaranteed return. Whilst these funds are maintained under the Interest Accumulator Separate Account which therefore provides the policyholders certain protection from creditors of the Group, the risk and rewards of the fund's performance are borne by the Group, to the extent that the actual rate of return of the funds differs from the guaranteed rate of return. The presentation of these funds under the General fund assets and liabilities better reflects the economic exposure of the Group to these types of pension plans. The change in presentation does not in any way alter the funds or the level of policyholder protection.

2.19.3 Impact of the Adoption

The following tables summarise the impact of the retrospective application of the amendments to IAS 32 and the changes to certain Group accounting policies:

2.19.3(a) Consolidated Balance Sheet:

MARCH 31, 2014	As reported	Amendments to IAS 32	AIAL policy change	Segregated funds with guaranteed return	Restated
General Fund Assets					
Investments	255,952	372	-	161,195	417,519
Deferred policy acquisition costs	2,279	-	(775)	-	1,504
	258,231	372	(775)	161,195	419,023
Segregated Fund Assets	1,657,818	-	-	(143,570)	1,514,248
General Fund Liabilities					
Payables arising from investment transactions	558	372	-	17,625	18,555
Investment contract liabilities	86,413	-	-	143,570	229,983
	86,971	372	-	161,195	248,538
Segregated Fund Liabilities	1,657,818	-	-	(143,570)	1,514,248
Equity					
Retained earnings	41,169	-	(756)	-	40,413
Accumulated other comprehensive loss	(3,820)	-	(19)	-	(3,839)
	37,349	-	(775)	-	36,574

APRIL 1, 2013	As reported	Amendments to IAS 32	AIAL policy change	Segregated funds with guaranteed return	Restated
General fund assets					
Investments	250,518	47	-	140,575	391,140
Deferred policy acquisition costs	2,182	-	(778)	-	1,404
	252,700	47	(778)	140,575	392,544
Segregated Fund Assets	1,476,685	-	-	(140,575)	1,336,110
General fund liabilities					
Payables arising from investment transactions	21,530	47	-	-	21,577
Investment contract liabilities	83,932	-	-	140,575	224,507
	105,462	47	-	140,575	246,084
Segregated Fund Liabilities	1,476,685	-	-	(140,575)	1,336,110
Equity					
Retained earnings	30,467	-	(815)	-	29,652
Accumulated other comprehensive loss	(5,433)	-	37	-	(5,396)
	25,034	-	(778)	-	24,256

2.19.3(b) Consolidated Statement of comprehensive income:

As a result of AIAL's change in accounting policy for commissions, the Group's total comprehensive income for the year ended March 31, 2014 increased by $3,000. The net impact is composed of:

- Increase in Net earnings attributable to Shareholders of the Company by $59,000; and
- Decrease in Other comprehensive income attributable to Shareholders of the Company by $56,000.

2.20 FUTURE ACCOUNTING CHANGES

There are a number of accounting and reporting changes issued under IFRS including those still under development by the IASB. A summary of the recently issued new accounting standards that will impact the Group in 2016 and beyond is as follows:

TOPIC	EFFECTIVE DATE FOR THE GROUP	EXPECTED IMPACT
Annual improvements 2010 – 2012 and 2011 – 2013 cycles	April 1, 2015	No significant impact
Amendments to IAS 19, Employee Benefits	April 1, 2015	No significant impact
Amendments to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets	April 1, 2016	No significant impact
IFRS 15, Revenue from Contracts with Customers	April 1, 2017	Impact assessment in progress
IFRS 9, Financial Instruments	April 1, 2018	Impact assessment in progress
IFRS 4, Insurance Contracts (Phase II)	Expected to be issued in 2016 and is not expected to be effective until at least April 1, 2019	Impact assessment in progress

2.20.1 Annual improvements 2010 – 2012 and 2011 – 2013 cycles

Annual Improvements 2010 – 2012 and 2011 – 2013 cycles were issued in December 2013, resulting in minor amendments to ten standards. Adoption of these amendments is not expected to have a significant impact on the Group's consolidated financial statements.

2.20.2 Amendments to IAS 19, Employee Benefits

The amendments to IAS 19, Employee Benefits were issued in November 2013. The amendments clarify the accounting for contributions by employees or third parties to defined benefit plans. Adoption of these amendments is not expected to have a significant impact on the Group's consolidated financial statements.

2.20.3 Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"

Amendments to IAS 16 and IAS 38 were issued in May 2014. The amendments clarify that revenue based depreciation is not appropriate for property and equipment and, in most circumstances, revenue based amortisation is not appropriate for intangible assets however this is rebuttable. Adoption of these amendments is not expected to have a significant impact on the Group's consolidated financial statements.

2.20.4 IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 was issued in May 2014. It provides principles within a single standard for recognising revenue from all contracts with customers, excepts leases, financial instruments, and insurance contracts. The standard requires revenue to be recognised on the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services.

The adoption of IFRS 15 may impact the revenue recognition related to the Group's asset management and service contracts and will result in additional financial statement disclosure. Management is assessing the impact of IFRS 15 on the consolidated financial statements.

2.20.5 IFRS 9 "Financial Instruments"

In July 2014, the final version of IFRS 9 was issued, which replaces IAS 39 Financial Instruments: Recognition and Measurement. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9 provides that financial assets are classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 also introduces an impairment model for financial instruments not measured at fair value through profit or loss that requires recognition of expected losses at initial recognition of a financial instrument and the recognition of full lifetime expected losses if certain criteria are met. A new model for hedge accounting aligns hedge accounting with risk management activities.

Revisions issued in July 2014 replace the existing incurred loss model used for measuring the allowance for credit losses with an expected loss model. Management is assessing the impact of IFRS 9 on the consolidated financial statements.

2.20.6 IFRS 4 "Insurance Contracts" (Phase II)

In June 2013, the IASB proposed a new accounting and reporting model for insurance contracts by issuing a revised Exposure Draft. The proposals apply to all insurance contracts, including certain financial guarantees, other than insurance entities, and to investment contracts with a discretionary participation feature issued by insurance companies.

The IASB continued its deliberations on the comments received on this exposure draft during the year and the Group continues to monitor the developments related to this new standard.

It is currently expected that completion of the Board redeliberation will occur in 2015, with a final standard being released in early 2016. Given an expected three-year lead time from publication to implementation, the new standard's effective date is likely to fall after that of IFRS 9.

3 INVESTMENTS

3.1 CARRYING VALUES AND ESTIMATED FAIR VALUES OF INVESTMENTS

	MARCH 31, 2015		MARCH 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Investments at FVTPL				
Bonds	388,838	388,838	320,882	320,882
Equities	45,733	45,733	47,565	47,565
	434,571	434,571	368,447	368,447
Held-to-maturity				
Bonds	3,318	3,446	4,159	4,136
	3,318	3,446	4,159	4,136
Available-for-sale				
Equities	2,663	2,663	2,966	2,966
	2,663	2,663	2,966	2,966
Loans and receivables				
Mortgages and loans	39,220	41,129	41,485	42,112
Policy loans	77	77	73	73
	39,297	41,206	41,558	42,185
Derivatives				
Interest rate swaps	43	43	351	351
Foreign currency forward contracts	313	313	38	38
	356	356	389	389
TOTAL INVESTMENTS	480,205	482,242	417,519	418,123

Included in Bonds are investments of $148.1 million (2014 – $143.6 million), which are maintained under the Interest Accumulator Separate Account. The separate account is set up to provide policyholders certain protection from creditors of the Group. These investments are included in the assets supporting the Group's deposit administration pension plans.

3.2 DERIVATIVE FINANCIAL INSTRUMENTS

The Group's investment guidelines permit the investment managers to utilise derivative financial instruments such as foreign currency futures, interest rate swaps and foreign currency forwards for yield enhancement, duration management, interest rate and foreign currency exposure management or to obtain an exposure to a particular financial market. These positions are monitored regularly. The Group principally has exposure to derivatives related to foreign currency risk, interest rate risk and credit risk.

The Group has the following transactions and balances related to its derivative activities.

MARCH 31, 2015	Derivatives		Collateral
	Assets	Liabilities	Cash
Derivatives	356	(167)	186
TOTAL	356	(167)	186

MARCH 31, 2014	Derivatives		Collateral
	Assets	Liabilities	Cash
Derivatives	389	(372)	123
TOTAL	389	(372)	123

The net income/(loss) arising from the Group's derivative financial instruments recognised as Investment income on the consolidated Statement of Operations is as follows:

FOR THE YEARS ENDED MARCH 31	Note	2015	2014
Derivative financial instruments			
Interest rate swaps		634	(87)
Foreign currency forward receivable		1,303	5
Money maket futures		59	-
TOTAL NET INCOME/(LOSSES) FROM DERIVATIVE FINANCIAL INSTRUMENTS	3.4	1,996	(82)

3.2.1 Money Market Futures

Futures provide the Group with participation in market movements, determined by the underlying instrument on which the futures contract is based, without holding the instrument itself or the individual securities. This approach allows the Group more efficient and less costly access to the exposure than would be available by the exclusive use of individual fixed income and money market securities. Futures contracts may also be used as substitutes for ownership of the physical securities. All futures contracts are held on a non-leveraged basis. An initial margin is provided, which is a deposit of cash and/or securities in an amount equal to a prescribed percentage of the contract value. The fair value of futures contracts is estimated daily and the margin is adjusted accordingly with unrealised gains and/or losses settled daily in cash and/or securities. A realised gain or loss is recognised when the contract is closed.

Futures contracts expose the Group to credit, market and liquidity risks. The Group is exposed to credit risks to the extent that the counterparties are not able to perform under the terms of the contract. Market risk arises when adverse changes occur in the estimated fair values of the underlying securities.

Liquidity risk represents the possibility that the Group may not be able to adjust rapidly the size of its forward positions at a reasonable price in times of high volatility and financial stress. Exchange-traded futures are, however, subject to a number of safeguards to ensure that obligations are met, including the use of clearing houses, the posting of margins and the daily settlement of unrealised gains and losses and counterparty credit risk evaluation. Credit, market and liquidity risks and how these risks are mitigated are disclosed in Note 14.3.

At March 31, 2015, the Group has outstanding money market futures with long positions of $3.7 milion and short positions amounted to $52.6 million (2014 – long positions of $170.5 million and short positions of $16.7 million).

3.2.2 Interest Rate Swaps

Swaps are used to manage interest rate exposure, portfolio duration or capitalise on anticipated changes in interest rate volatility without investing directly in the underlying securities. Swaps are recorded at estimated fair values at the end of each period with unrealised gains and losses recorded in Investment income on the Consolidated Statement of Operations.

Interest rate swap agreements entail the exchange of commitments to pay or receive interest, such as an exchange of floating rate payments for fixed rate payments, with respect to a notional amount of principal. These agreements involve elements of credit and market risk. Such risks include the possibility that there may not be a liquid market, that the counterparty may default on its obligation to perform or that there may be unfavourable movements in interest rates. Credit risk is mitigated by making collateral calls to mitigate exposure and counterparty credit risk evaluation. Credit, market and liquidity risks and how these risks are mitigated are disclosed in Note 14.3.

At March 31, 2015, the Group has open interest rate swaps with long positions of $3.2 million and short positions amounted to $5.0 million (2014 – long positions of $4.4 million and short positions of $nil million).

3.2.3 Foreign Currency Forwards

A foreign currency forward contract is a commitment to purchase or sell a foreign currency at a future date at a defined rate. The Group may utilise foreign currency forward contracts to manage the impact of fluctuations in foreign currencies on the value of its foreign currency denominated investments or to gain exposure to a certain currency or market rate. Forward contracts may expose the Group to credit, market and liquidity risks. Credit risk arises from the potential inability of counterparties to perform under the terms of the contract. The Group is exposed to market risk to the extent that adverse changes occur in the exchange rate of the underlying foreign currency. Liquidity risk represents the possibility that the Group may not be able rapidly to adjust the size of its forward positions at a reasonable price in times of high volatility and financial stress. Credit risk is mitigated by making collateral calls to mitigate exposure and counterparty credit risk evaluation. Credit, liquidity and market risks and how these risks are mitigated are disclosed in Note 14.3.

The Group had the following open foreign currency forward contracts expressed in originating currency:

MARCH 31, 2015	Notional Short	Notional Long
Japanese Yen	286,820	143,410
Australian Dollar	7,432	3,716
Mexican Peso	3,885	4,387
Brazilian Real	-	498
Euro	2,853	-
Sterling	180	-

MARCH 31, 2014	Notional Short	Notional Long
Japanese Yen	134,160	-
Australian Dollar	3,694	1,847
Mexican Peso	-	3,986
Brazilian Real	498	995
Euro	748	374
Sterling	161	-

At March 31, 2015, the U.S. dollar equivalent of outstanding foreign currency forward contracts with long positions and short positions amounted to $12.0 million and $4.6 million respectively (2014 – $2.9 million and $6.1 million).

3.3 REVERSE SALE AND REPURCHASE AGREEMENTS

The Group entered into reverse sale and repurchase agreements (reverse repos) on investments during the year. The money received from these agreements where the Group is the borrower (i.e. where the Group is under an obligation to take the securities back) is shown on the Consolidated Balance Sheet as a Payable arising from reverse repos in Payables arising from investment transactions (Note 15). The securities delivered to the lender continue to be reported in Investments on the Consolidated Balance Sheet in accordance with their relevant category.

The table below shows the balances arising from these agreements and the collateral as of year end:

MARCH 31, 2015	Assets	Liabilities	Collateral(1)
Payables arising from reverse repos	38,073	(38,073)	38,157
TOTAL	38,073	(38,073)	38,157

MARCH 31, 2014	Assets	Liabilities	Collateral(1)
Payables arising from reverse repos	17,625	(17,625)	18,490
TOTAL	17,625	(17,625)	18,490

(1) Securities pledged at fair value.

Transactions arising from these agreements are subject to a master netting agreement that creates a contingent right of set-off that does not qualify for offsetting. Therefore, the Group presents Payables arising from reverse repos on a gross basis.

3.4 INVESTMENT INCOME

FOR THE YEARS ENDED MARCH 31	2015	2014
Interest income		
Bonds – at FVTPL	9,463	8,457
Bonds – held-to-maturity	241	255
Mortgages and loans	2,596	2,579
Cash and other	190	97
	12,490	11,388
Dividend income		
Equities – at FVTPL	890	1,452
Equities – available-for-sale	146	345
	1,036	1,797
Net realised and unrealised gains/(losses) on investments		
Bonds – at FVTPL	6,728	(4,981)
Equities – at FVTPL	(997)	2,557
Equities – available-for-sale	63	-
Derivative financial instruments	1,996	(82)
Investment properties	(2,310)	(140)
	5,480	(2,646)
Other		
Amortisation of premium on bonds	(1,602)	(1,848)
Rental income and other	1,515	1,258
Impairment charges		
Bonds – held-to-maturity	-	101
Equities – available-for-sale	(4)	-
Mortgages and loans	(1,870)	(398)
	(1,961)	(887)
INVESTMENT INCOME BEFORE DEDUCTIONS	17,045	9,652
Deductions		
Investment income relating to Deposit administration pension plans	(2,217)	(2,765)
INVESTMENT INCOME	14,828	6,887

4 FAIR VALUE MEASUREMENT

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs by the Group's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices such as interest rates and credit risks.

Level 3 – Fair value is based on valuation techniques that require one or more significant inputs that are not based on observable market inputs. These unobservable inputs reflect the Group's assumptions about market participants in pricing the assets and liabilities.

When available, quoted market prices are used to determine fair value for bonds, equities and derivatives. If quoted market prices are not available, fair value is typically based upon alternative valuation techniques such as matrix pricing, net asset valuation and discounted cash flow modelling. Broker quotes are used only when external public vendor prices are not available.

The Group has an established control framework with respect to the measurement of fair values. This included an investment validation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the Chief Financial Officer. The Group's investment validation process includes a review of price movements relative to the market. Any significant discrepancies are investigated and discussed with investment managers and a valuation specialist. The process also includes regular reviews of significant observable inputs and valuation adjustments. Significant valuation issues are reported to the Board.

4.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table presents fair value of the Company's assets and liabilities measured at fair value in the Consolidated Balance Sheet, categorised by level under the fair value hierarchy.

MARCH 31, 2015	Level 1	Level 2	Level 3	Total fair value
ASSETS				
Investments at FVTPL				
Bonds				
US government and agency	77,021	-	-	77,021
US and Bermuda corporates	2,013	118,840	-	120,853
Municipal, other government and agency	-	33,434	-	33,434
Foreign bonds	2,945	69,800	-	72,745
Mortgage/asset-backed securities	-	59,863	1,057	60,920
Other (1)	-	23,865	-	23,865
	81,979	305,802	1,057	388,838
Equities				
Bermuda listed equities	18,833	25	-	18,858
Non-Bermuda listed equities	6,358	-	-	6,358
Investment in hedge funds and mutual funds	-	20,204	-	20,204
Private equity funds and unquoted equities	-	-	313	313
	25,191	20,229	313	45,733
TOTAL OF INVESTMENT AT FVTPL	107,170	326,031	1,370	434,571
Available-for-sale – Equities				
Private equity funds and unquoted equities	-	-	2,663	2,663
Derivatives	-	356	-	356
Investment properties	-	10,448	-	10,448
TOTAL ASSETS AT FAIR VALUE	107,170	336,835	4,033	448,038
LIABILITIES				
Investment contract liabilities	-	3,014	-	3,014
Payables arising from investment transactions	38,073	7,970	-	46,043
TOTAL LIABILITIES AT FAIR VALUE	38,073	10,984	-	49,057

(1) Investment in bond funds

MARCH 31, 2014	Level 1	Level 2	Level 3	Total fair value
ASSETS				
Investments at FVTPL				
Bonds				
US Governments	52,261	-	-	52,261
US and Bermuda corporates	1,598	107,368	-	108,966
Municipal, other government and agency	-	46,839	-	46,839
Foreign bonds	2,850	50,150	-	53,000
Mortgage/asset-backed securities	-	40,457	565	41,022
Other (1)	-	18,794	-	18,794
	56,709	263,608	565	320,882
Equities				
Bermuda listed equities	21,087	32	-	21,119
Non-Bermuda listed equities	5,688	-	-	5,688
Investment in hedge funds and mutual funds	-	20,436	-	20,436
Private equity funds and unquoted equities	-	-	322	322
	26,775	20,468	322	47,565
TOTAL OF FVTPL	83,484	284,076	887	368,447
Available-for-sale – Equities				
Private equity funds and unquoted equities	-	-	2,966	2,966
	-		2,966	2,966
Derivatives	-	389	-	389
Investment properties	-	5,885	-	5,885
		6,274	-	6,274
TOTAL ASSETS AT FAIR VALUE	83,484	290,350	3,853	377,687
LIABILITIES				
Investment contract liabilities	-	3,222	-	3,222
Payables arising from investment transactions	17,625	930	-	18,555
TOTAL LIABILITIES AT FAIR VALUE	17,625	4,152	-	21,777

(1) Investment in bond funds

Valuation techniques used to measure fair value of the financial assets and liabilities on a recurring basis are:

- **Bonds** – These are generally valued by third party independent pricing sources using pricing models. The significant inputs include, but are not limited to, yield curves, credit risks and spreads and measures of volatility. The Group considers these Level 2 inputs as they are corroborated with other externally obtained information. Bonds are classified under Level 2 except US treasuries and preferred stock which are classified as Level 1. Less liquid securities such as structured mortgage/asset-backed securities are classified as Level 3. The Group uses prices provided by investment managers and brokers for all securities which do not have pricing available from independent pricing services. In general, broker-dealers and investment managers value securities through their trading desks based on observable inputs. The methodologies include mapping securities based on trade data, bids or offers, observed spreads, and performance on newly issued securities. Broker-dealers and investment managers also determine valuations by observing secondary trading of similar securities.
- **Equities** – These consist of listed equities, unquoted equities and investments in mutual funds, hedge funds and private equity funds.

  Fair values of listed equities are based on quoted prices from the exchange where it is principally traded. These are classified under Level 1. Certain equities are unquoted and are classified as Level 3, as valuation is based on cost which approximates fair value.

Investments in mutual funds and hedge funds are valued using published net asset values provided by third parties such as investment managers and administrators. The Group can redeem a portion of these investments on a regular basis and is not subject to lock-up provisions. Accordingly, these investments are classified under Level 2.

Investments in private equity funds are valued using net asset values obtained from investment managers and general partners. These investments may be subject to certain lock-up provisions. The type of underlying investments held by the investee which form the basis of the net asset valuation include assets such as private business ventures, to which the Group does not have access. The Group considers net asset values as a reasonable approximation of fair values. Accordingly, these investments are classified under Level 3.

- **Included within Bonds – Other and Equities** – Investments in hedge funds and mutual funds are $29.5 million (2014 – $28.3 million) of investments in Argus Investment Strategies Fund Ltd. This fund has been classified between Bonds and Equities based on the underlying securities held. Net assets valuation is performed on a weekly basis and investors are able to redeem the shares weekly, unless the value of redemption is more than 10 percent of the net asset value of the fund, when the amount of the redemption is at the fund's discretion. This investment is classified as Level 2.
- **Derivatives** – Valuation is derived from the underlying instrument. Derivatives are subject to the same risks as that underlying instrument including liquidity, credit and market risk. Fair values are based on exchange or broker–dealer quotations, where available, or discounted cash flows, which incorporate the pricing of the underlying instrument, yield curves and other factors. These investments are classified as Level 2.
- **Investment properties** – The fair value of investment properties was determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment properties annually. Fair value is based on market data from recent comparable transactions.
- **Investment contract liabilities** – Fair value of the Deposit accounted annuity policies is determined by using valuation techniques, such as discounted cash flow methods. A variety of factors are considered in the valuation techniques, including yield curve, credit spread and default assumptions, which have market observable inputs.

The table below provides a fair value roll forward for the assets and liabilities measured at fair value for which significant unobservable inputs (Level 3) are used in the fair value measurement for the year ended March 31, 2015.

MARCH 31, 2015	INVESTMENTS			
	At FVTPL Bonds	At FVTPL Equities	Available-for-sale Equities	Total
Balance, beginning of year	565	322	2,966	3,853
Included in Net income	(8)	-	-	(8)
Included in Other comprehensive income	-	-	(25)	(25)
Purchases	500	-	-	500
Sales/Write Off	-	(9)	(278)	(287)
	1,057	313	2,663	4,033

MARCH 31, 2014	INVESTMENTS			
	At FVTPL Bonds	At FVTPL Equities	Available-for-sale Equities	Total
Balance, beginning of year	-	180	3,704	3,884
Included in Net income	26	-	-	26
Included in Other comprehensive income	-	-	(20)	(20)
Transfer into Level 3	-	306	-	306
Purchases	539	-	-	539
Sales	-	(164)	(718)	(882)
	565	322	2,966	3,853

4.2 ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

For assets and liabilities not measured at fair value in the Consolidated Balance Sheet, the following table discloses summarised fair value information categorised by the level in the preceding hierarchy, together with the related carrying values.

MARCH 31, 2015	Level 1	Level 2	Level 3	Total fair value	Carrying value
ASSETS					
Held-to-maturity bonds [1]	3,446	-	-	3,446	3,318
Mortgages and loans [2]	-	41,129	-	41,129	39,220
Policy loans	-	77	-	77	77
Investment in a publicly listed associate [3]	4,154	-		4,154	7,245
TOTAL ASSETS DISCLOSED AT FAIR VALUE	7,600	41,206	-	48,806	49,860
LIABILITIES					
Investment contract liabilities [4]	-	231,543	-	231,543	235,559
TOTAL LIABILITIES DISCLOSED AT FAIR VALUE	-	231,543	-	231,543	235,559

MARCH 31, 2014	Level 1	Level 2	Level 3	Total fair value	Carrying value
ASSETS					
Held-to-maturity bonds [1]	4,136	-	-	4,136	4,159
Mortgages and loans [2]	-	42,112	-	42,112	41,485
Policy loans	-	73	-	73	73
Investment in a publicly listed associate [3]	4,831	-	-	4,831	7,167
TOTAL ASSETS DISCLOSED AT FAIR VALUE	8,967	42,185	-	51,152	52,884
LIABILITIES					
Investment contract liabilities [4]	-	223,899	-	223,899	226,761
TOTAL LIABILITIES DISCLOSED AT FAIR VALUE	-	223,899	-	223,899	226,761

(1) Fair value of bonds – see Note 4.1 for valuation techniques used to measure fair value.
(2) Fair value of mortgages and loans is determined by discounting expected future cash flows using current market rates.
(3) Fair value of investment in a publicly listed associate is based on bid price as quoted in the Bermuda Stock Exchange.
(4) Fair value of Investment contract liabilities is based on the following methods:

- Deposit administration pension plans – based on a discounted cash flow method. Factors considered in the valuation include current yield curve, plus appropriate spreads which have market observable inputs; and
- Self-funded group health policies – the carrying value approximates the fair value due to the short-term nature of these investment contract liabilities.

The carrying values of the following short-term assets and liabilities approximate fair value and are categorised as Level 2.

- Cash and short-term investments;
- Interest and dividends receivable;
- Other financial assets under Other assets; and
- Accounts payable and accrued liabilities.

4.3 TRANSFERS OF LEVEL 1 AND LEVEL 2 ASSETS AND LIABILITIES

The Group's policy is to record transfers of assets and liabilities between levels at their fair values as at the end of each reporting period, consistent with the date of determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. During the year ended March 31, 2015, the Group transferred $nil assets measured at fair value from Level 1 to Level 2 (2014 – $31,900 of assets measured at fair value from Level 1 to Level 2). Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. During the years ended March 31, 2015 and 2014, there were no transfers from Level 2 to Level 1.

5 INVESTMENT IN ASSOCIATES

The Group holds equity interests in certain companies incorporated in Bermuda and has significant influence over the operational and financial policies of these companies.

5.1 FAIR VALUE

One of the Group's associates is a public company whose shares are traded on the Bermuda Stock Exchange. The following table shows the fair value and carrying value of the Group's 28.0% interest in this company.

FOR THE YEARS ENDED MARCH 31	2015	2014
Carrying value	7,245	7,164
Fair value	4,154	4,831

As the fair value is lower than the equity of this investment, an impairment review and evaluation on the going concern basis was performed. The Group believes that the recoverable amount using the value-in-use method is higher than the published fair value because the market price continues to reflect ongoing uncertainty and volatility in the Bermuda economy as opposed to the fundamental long-term value of this investment. As such, no impairment has been recorded on the asset in the year ended March 31, 2015 and 2014.

5.2 CONTINGENCIES AND RESTRICTIONS

Included in Investment in associates is a 35.3 percent interest (2014 – 35.3 percent) in a private company that built an office building in Hamilton, Bermuda. The carrying value of this investment as at March 31, 2015 is $4.4 million (2014 – $4.0 million) The Group has issued a guarantee in respect of its proportionate share of a term bank loan facility totalling $7.4 million (2014 – $7.8 million) for this office building.

This company also secured a letter of credit in order to finance the purchase of another property. Under the terms of the letter of credit, an amount of $235,000 (2014 – $235,000), which is equivalent to one annual installment payment, is required to be held in escrow until the final payment has been made. The final payment is scheduled on January 31, 2018.

5.3 OTHER

Whilst the Group has 40 percent ownership of a private reinsurance company domiciled in Bermuda, it has no significant influence over the company's operational and financial policies due to restrictive voting rights. This investment is included in Note 3 under Available-for-sale equities and is recorded at cost.

6 INSURANCE BALANCES RECEIVABLE

Insurance balances receivable is comprised of:

MARCH 31, 2015	Insured Employee Benefits	Life and Pensions	Property and Casualty	Total
Due from policyholders, agents and brokers	53	1,093	6,666	7,812
Due from reinsurers	2,465	-	553	3,018
TOTAL INSURANCE BALANCES RECEIVABLE	2,518	1,093	7,219	10,830

MARCH 31, 2014	Insured Employee Benefits	Life and Pensions	Property and Casualty	Total
Due from policyholders, agents and brokers	2,784	1,073	6,366	10,223
Due from reinsurers	2,834	-	-	2,834
TOTAL INSURANCE BALANCES RECEIVABLE	5,618	1,073	6,366	13,057

7 INVESTMENT PROPERTIES

	Fair value
Balance, March 31, 2013	6,936
Sale	(925)
Fair value losses	(140)
Foreign exchange rate movements	14
Balance, March 31, 2014	5,885
Aquisition	6,873
Fair value losses	(2,310)
BALANCE, MARCH 31, 2015	10,448

The Group's Investment properties consist of condominium units and fractional apartment units, which are held primarily for resale and for rental income under operating lease agreements. Investment properties are stated at fair value.

On September 29, 2014, NBHH (Keepsake) Limited ("NBHH") became a wholly owned subsidiary of the Company following an amalgamation with one of the entities within the Group. The amalgamation resulted in an increase in Investment properties of $6.9 million and decrease in Mortgages and loans of the same amount.

The Group has entered into operating leases for certain investment properties. The rental income arising during the year amounted to $597,000 (2014 – $337,000), which is included in Investment income on the consolidated Statement of Operations. Direct operating expenses included within Investment income arising in respect of such properties during the year were $666,000 (2014 – $461,000).

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal. The Group has no contractual obligations to purchase, construct or develop the investment properties other than normal service charge arrangements.

8 OTHER ASSETS

FOR THE YEARS ENDED MARCH 31	2015	2014
Other financial assets		
Fees receivable	1,920	1,801
Receivable from self-funded group health policies	221	1,152
Receivable for investments sold	149	508
Notes and other receivables	1,997	3,207
TOTAL OTHER FINANCIAL ASSETS	4,287	6,668
Income taxes receivable	194	248
Prepaid expenses	2,620	2,103
TOTAL OTHER ASSETS	7,101	9,019

9 DEFERRED POLICY ACQUISITION COSTS

The reconciliation between opening and closing Deferred policy acquisition costs is shown below:

FOR THE YEARS ENDED MARCH 31	2015	2014
Balance, beginning of year	1,504	1,404
Deferral during the year	3,963	4,158
Expense for the year	(4,053)	(4,200)
Foreign exchange rate movements	(97)	142
BALANCE, END OF YEAR	1,317	1,504

10 PROPERTY AND EQUIPMENT

	Land and buildings	Computer equipment	Furniture and other equipment	Total
Gross carrying amount				
Balance, March 31, 2013	79,085	28,493	6,940	114,518
Additions	597	2,505	46	3,148
Retirements	(501)	(322)	(55)	(878)
Foreign exchange rate movements	82	145	77	304
Balance, March 31, 2014	79,263	30,821	7,008	117,092
Additions	59	2,429	26	2,514
Retirements (1)	(1,488)	(2,873)	-	(4,361)
Foreign exchange rate movements	(84)	(92)	(74)	(250)
BALANCE, MARCH 31, 2015	**77,750**	**30,285**	**6,960**	**114,995**
Accumulated depreciation				
Balance, March 31, 2013	14,789	22,257	5,753	42,799
Depreciation charge for the year	2,803	2,651	202	5,656
Retirements	(501)	(322)	(55)	(878)
Foreign exchange rate movements	37	135	61	233
Balance, March 31, 2014	17,128	24,721	5,961	47,810
Depreciation charge for the year	2,823	3,695	174	6,692
Retirements (1)	(1,488)	(2,873)	-	(4,361)
Impairment losses	5,314	-	-	5,314
Foreign exchange rate movements	(22)	(78)	(57)	(157)
BALANCE, MARCH 31, 2015	**23,755**	**25,465**	**6,078**	**55,298**
Net carrying amount:				
As at March 31, 2014	62,135	6,100	1,047	69,282
BALANCE, MARCH 31, 2015	**53,995**	**4,820**	**882**	**59,697**

(1) During the year, certain computer equipment under the All other operating segment were retired. These assets are fully depreciated and are no longer used by the Group.

As a result of the continued decline in the appraised value of a property, the Group wrote down the carrying value of this property from $9.1 million to the appraised value of $3.8 million as of March 31, 2015. This property is held under the All other operating segment.

The appraised value represents the fair value of the property being impaired and is determined by external property valuers. Fair value is based on market data from recent comparable transactions and falls under Level 2 in the fair value hierarchy.

11 INTANGIBLE ASSETS

	Total
Gross carrying amount	
Balance, March 31, 2013	24,500
Foreign exchange adjustments	354
Balance, March 31, 2014	24,854
Additions (1)	655
Retirements (2)	(1,715)
Foreign exchange adjustments	(319)
BALANCE, MARCH 31, 2015	23,475
Accumulated amortisation and impairment losses	
Balance, March 31, 2013	18,980
Amortisation charge for the year	1,071
Foreign exchange adjustments	163
Balance, March 31, 2014	20,214
Amortisation charge for the year	471
Impairment loss	2,269
Retirements (2)	(1,715)
Foreign exchange adjustments	(147)
BALANCE, MARCH 31, 2015	(21,092)
Net carrying amount:	
Balance, March 31, 2014	4,640
BALANCE, MARCH 31, 2015	2,383

(1) The client portfolio of a Malta-based property and casualty insurance agency was aquired during the year.
(2) As at March 31, 2015, the Group retired certain intangibles, which are fully depreciated and are no longer used in the Property and casualty operating segment.

As a result of unfavourable claims experience and continuous decline in the premium retention ratio of a certain block of business, the Group recognised an impairment in the amount of $1.8 million (2014 – $nil) in the Property and casualty operating segment. This represents the write down of the net carrying value of customer lists acquired in 2009 and 2011.

The Group also recorded an impairment charge in the amount of $500,000 (2014 – $nil) in the Life and pensions operating segment as a result of the reassessment of the customer list's inherent value as at year-end. The recoverable amount of the customer list is considered by Management to be $1.8 million and represents the asset's value-in-use based on a discount rate of 8.9%.

The remaining useful lives of the customer list range from three to nine years.

12 INSURANCE CONTRACT LIABILITIES

The Group's Insurance contract liabilities and Reinsurers' share of claims provisions and unearned premiums are comprised of:

MARCH 31, 2015	Note	Gross	Ceded	Net
Life and annuity policy reserves	12.1	158,552	(7,589)	150,963
Provision for unpaid and unreported claims	12.2	51,966	(26,309)	25,657
		210,518	(33,898)	176,620
Unearned premiums	12.3	16,646	(9,199)	7,447
TOTAL INSURANCE CONTRACT LIABILITIES		227,164	(43,097)	184,067

MARCH 31, 2014	Note	Gross	Ceded	Net
Life and annuity policy reserves	12.1	149,366	(7,332)	142,034
Provision for unpaid and unreported claims	12.2	33,933	(6,660)	27,273
		183,299	(13,992)	169,307
Unearned premiums	12.3	17,611	(9,422)	8,189
TOTAL INSURANCE CONTRACT LIABILITIES		200,910	(23,414)	177,496

12.1 LIFE AND ANNUITY POLICY RESERVES

The table below sets out the Group's Life and annuity policy reserves shown by type of product and by reportable segment:

MARCH 31, 2015	Group Insurance	Life and pensions	Total
Annuities	-	133,313	133,313
Long-term disability	7,146		7,146
Life	-	18,093	18,093
Life and annuity policy reserves	7,146	151,406	158,552
Reinsurers' share of claims provisions	(5,445)	(2,144)	(7,589)
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	1,701	149,262	150,963

MARCH 31, 2014	Insured employee benefits	Life and pensions	Total
Annuities	-	124,154	124,154
Long-term disability	7,003	-	7,003
Life	-	18,209	18,209
Life and annuity policy reserves	7,003	142,363	149,366
Reinsurers' share of claims provisions	(5,261)	(2,071)	(7,332)
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	1,742	140,292	142,034

The majority of the Life and annuity policy reserves relate to policies issued to individuals domiciled in Bermuda.
The Reinsurer's share of claims provisions are not considered impaired as at year end.

The composition of the assets supporting the net liabilities is as follows:

MARCH 31, 2015	Cash	Bonds	Mortgage and loans	Equities	Land and buildings	Total
Annuities	577	101,643	4,762	7,774	18,557	133,313
Long-term disability	-	-	1,701	-	-	1,701
Life	1,118	6,941	4,926	2,964	-	15,949
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	1,695	108,584	11,389	10,738	18,557	150,963

MARCH 31, 2014	Cash	Bonds	Mortgage and loans	Equities[1]	Land and buildings	Total
Annuities	108	67,524	6,836	33,063	16,623	124,154
Long-term disability	-	-	1,742	-	-	1,742
Life	431	5,542	7,044	3,121	-	16,138
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	539	73,066	15,622	36,184	16,623	142,034

(1) Includes Investment in associates

The Group examines the assumptions used in determining the Life and annuity policy reserves on an ongoing basis to ensure they appropriately reflect emerging experience and changes in risk profile. Annually the Group conducts a comprehensive review of all actuarial methods and assumptions. Changes to actuarial methods and assumptions used in determining Insurance contract liabilities will result in a change to the projected value of policy cash flows and therefore, to the Life and annuity policy reserves. The net impact of changes in actuarial methods and assumptions was an increase in reserves backing policyholder liabilities of $3.4 million (2014 – $2.1 million). These amounts are net of the impact of the reinsurance assets on policyholder liabilities of $7.6 million (2014 – $7.3 million).

The changes in the net Life and annuity policy reserves for the year are as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Balance, beginning of year	142,034	138,789
Changes due to:		
Issuance of new policies	13,882	3,810
Normal in-force movement	(8,332)	(2,709)
Mortality/morbidity assumptions	2,633	-
Interest rate assumptions	1,904	1,661
Expense assumptions	-	483
Other [1]	(1,158)	-
BALANCE, END OF YEAR	150,963	142,034

(1) This comprises of changes to valuation methodology for annuities, and updates for other experience-based assumptions such as lapse rates.

12.1.1 Key Assumptions – Life and annuity policy reserves

ASSUMPTION, METHODOLOGY AND SENSITIVITIES	RISK MANAGEMENT
The risks associated with insurance contracts and in particular with life and annuity insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. To recognise the uncertainty involved in determining the best estimate assumptions a Provision for Adverse Deviation (PfAD) is established. The PfAD is determined by including a margin for conservatism for each key assumption to allow for possible deterioration in experience and to help ensure the policy reserves will be adequate to pay for future benefits. The PfAD assumptions tend to be at the conservative end of the ranges suggested by the CIA.	In conjunction with prudent business practices to manage both business and investment risks, the selection and monitoring of appropriate assumptions are designed to minimise the Group's exposure to measurement uncertainty.
(a) Mortality and morbidity risk Mortality refers to the likelihood of death. The mortality assumption is based on industry standard life insurance and standard annuity past and emerging experience. The volume of the Group's life insurance and annuity business is not sufficient to use company specific mortality tables. A five percentage basis decrease in the best estimate assumption for annuitant mortality would increase the policy reserves by $3.0 million, 2.2 percent (2014 – $2.1 million, 1.7 percent). Morbidity refers to the incidence of accident and sickness as well as the recovery from the incidence. The morbidity assumptions are based on the industry standard morbidity tables for the long-term disability business. The frequency of claims is low and the risk is substantially reinsured.	The Group maintains underwriting standards to determine the insurability of applicants. Claim trends are monitored on an ongoing basis. To offset some of the mortality risk, the Group cedes a proportion of the risk to reinsurers. Mortality and morbidity are monitored regularly.

ASSUMPTION, METHODOLOGY AND SENSITIVITIES	RISK MANAGEMENT
(b) Investment returns and interest rate risk Assets are allocated to the different operating segments. For each significant operating segment, CALM is used to project the cash flows from the supporting assets and the cash flows from the liabilities. The projected asset cash flows are combined with the projected cash flows from future asset sales and purchases to determine the expected investment returns for all future years. The CIA prescribes several representative reinvestment scenarios for use in CALM to determine the sensitivity of the Group's business to possible reinvestment risk. These represent a wide variety of interest rate scenarios. To provide a representative example, a 100 basis points increase in the best estimate investment return assumption decreases the total Life and annuity policy reserves by $12.1 million (2014 – $11.5 million). A 100 basis points decrease in the best estimate assumption increases the total Life and annuity policy reserves by $14.3 million (2014 – $13.5 million).	The Group's policy of closely matching the cash flows of assets with those of the corresponding liabilities is designed to mitigate the Group's exposure to future changes in interest rates. The interest rate risk positions in business segments are monitored on an ongoing basis. Under CALM, the re-investment rate is developed using interest rate scenario testing and reflects the interest rate risk positions. Bonds, equities, real estate and other non-fixed income assets are used to support long-dated obligations in the Group's annuity and pensions businesses, and for long-dated insurance obligations on contracts where the investment return risk is borne by the Group.
(c) Credit risk Credit risk is provided for by reducing investment yields assumed in the calculation of the policy reserves. Past Group and industry experience over the long term, in addition to ongoing reviews of the current portfolio, are used to project credit losses. In addition to the allowances for losses on invested assets due to interest rate risk, the policy reserves include a provision of $1.8 million (2014 – $1.7 million) to provide for future asset defaults and loss of asset value on current assets and future purchases.	For certain policies, the premiums and benefits reflect the Group's assumed level of future credit losses at contract inception or most recent contract adjustment date. The Group holds explicit provisions in actuarial liabilities for credit risk including PfAD.
(d) Expenses Operating expense assumptions reflect the projected costs of servicing and maintaining the in-force policies. The assumptions are derived from internal reviews of operating costs and include an allowance for inflation. A ten percent increase in the best estimate assumption for unit expenses would increase the policy reserves by approximately $0.8million (2014 – $0.8 million).	The Group prices its products to cover the expected costs of servicing and maintaining them. In addition, the Group monitors expenses quarterly, including comparisons of actual expenses to expense allowances used in pricing and valuation.

12.2 PROVISION FOR UNPAID AND UNREPORTED CLAIMS

The table below sets out the Provision for unpaid and unreported claims shown by type of product and by reportable segment. The majority of these insurance contracts are of a short-term nature.

MARCH 31, 2015	Insured employee benefits	Property and casualty	Total
Healthcare	15,981	-	15,981
Property	-	16,920	16,920
Motor	-	13,367	13,367
Accident and liability	-	5,274	5,274
Marine	-	424	424
Provision for unpaid and unreported claims, gross	15,981	35,985	51,966
Reinsurers' share of claims provisions	(1,372)	(24,937)	(26,309)
PROVISION FOR UNPAID AND UNREPORTED CLAIMS, NET OF REINSURANCE	14,609	11,048	25,657

MARCH 31, 2014	Insured employee benefits	Property and casualty	Total
Healthcare	15,759	-	15,759
Property	-	851	851
Motor	-	15,567	15,567
Accident and liability	-	1,577	1,577
Marine	-	179	179
Provision for unpaid and unreported claims	15,759	18,174	33,933
Reinsurers' share of claims provisions	(442)	(6,218)	(6,660)
PROVISION FOR UNPAID AND UNREPORTED CLAIMS, NET OF REINSURANCE	15,317	11,956	27,273

The reconciliation of the Provision for unpaid and unreported claims is as follows:

FOR THE YEARS ENDED MARCH 31	2015			2014		
	Provisions for unpaid and unreported claims	Reinsurers' share of claims provisions	Net	Provisions for unpaid and unreported claims	Reinsurers' share of claims provisions	Net
Balance, beginning of year	33,933	(6,660)	27,273	33,722	(6,059)	27,663
Claims and adjustment expenses incurred						
Current year	123,566	(40,039)	83,527	91,513	(8,487)	83,026
Prior years	1,663	(6,705)	(5,042)	(1,331)	(954)	(2,285)
Foreign exchange adjustments	367	(218)	149	1,131	(329)	802
Total Claims and adjustment expenses incurred	125,596	(46,962)	78,634	91,313	(9,770)	81,543
Claims and adjustment expenses paid						
Current year	(88,176)	23,020	(65,156)	(70,633)	6,516	(64,117)
Prior years	(19,387)	4,293	(15,094)	(20,469)	2,653	(17,816)
Total Claims and adjustment expenses paid	(107,563)	27,313	(80,250)	(91,102)	9,169	(81,933)
BALANCE, END OF YEAR	51,966	(26,309)	25,657	33,933	(6,660)	27,273

12.2.1 Key Assumptions – Provision for unpaid and unreported claims

ASSUMPTION, METHODOLOGY AND SENSITIVITIES	RISK MANAGEMENT
The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Uncertainty over the timing and amount of future claim payments necessitate the holding of significant reserves for liabilities that may only emerge a number of accounting periods later. The key assumptions underlying the application of the actuarial methods and the estimate of unpaid claim liabilities are the expected development of paid and reported losses and the derivation of initial expected losses. Paid and reported loss development patterns are based on the Group's historical claims experience. These patterns are updated as of each annual evaluation to incorporate and reflect the most recent claims experience. The estimate of initial expected losses is most significant for immature policy periods, where it is given the greatest weight in determining unpaid claim liabilities. Initial expected losses are derived based on the Group's historical experience adjusted for the impact of inflationary trends on loss costs and the impact of historical changes in rates charged to policyholders. As the experience in each policy year matures, the weight assigned to the initial expected losses decreases with greater weight assigned to actual loss experience. The actuarial analysis performed by the Group's actuaries employs commonly used actuarial techniques for estimating the Group's Provision for unpaid and unreported claims. These include the Paid Loss Development Method, Reported Loss Development Method, the Bornhuetter-Ferguson Method (applied to both paid and reported losses), and the Case Reserve Development Method. The particular methods employed in the analysis of each reserve segment are judgmentally selected based on the applicability of each method and the availability of data to use each particular method. There have been no material changes in the assumptions or methodology underlying the actuarial analysis in the year under review.	The Group has policies and procedures in place to reduce the risk exposure, which includes strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims. Further, the Group enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes, flood damage and pandemics). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as determined by management. Estimates of losses are continually reviewed and modified to reflect current conditions. Although management believes, based on the recommendations of the Group's actuaries, that the Provision for unpaid and unreported claims will be adequate to cover the ultimate cost of losses to the balance sheet date, the provision is necessarily an estimate and claims may ultimately be settled for greater or lesser amounts. It is reasonably possible that management will revise this estimate significantly in the near term. Any subsequent differences are recorded in the Gross change in contract liabilities on the Consolidated Statement of Operations in the period in which they are determined.

12.2.2 Claims Development Table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported (IBNR) reserves for each successive accident year at each reporting date, together with cumulative payments to date.

The Group has availed itself of the transitional rules of IFRS 4 that permit a first-time adopter to not disclose information about claims development that occurred earlier than five years before the end of the financial year in which it applies IFRS 4. This will be developed in each succeeding additional year, until ten years of information is included.

Gross claims:

Accident year	2008 & Prior	2009	2010	2011	2012	2013	2014	2015	Total
Estimate of ultimate liability [1]									
as at end of accident year	139,829	77,816	82,639	89,487	90,053	93,359	97,029	122,947	-
one year later	142,566	78,482	79,783	85,932	85,543	83,875	90,803	-	-
two years later	142,080	79,635	78,985	84,831	84,074	82,443	-	-	-
three years later	142,940	79,243	79,000	84,873	83,895	-	-	-	-
four years later	143,311	79,038	80,320	84,735	-	-	-	-	-
five years later	143,825	79,814	79,821	-	-	-	-	-	-
six years later	143,805	79,753	-	-	-	-	-	-	-
seven years later	148,074	-	-	-	-	-	-	-	-
Current estimate of cumulative liability	148,074	79,753	79,821	84,735	83,895	82,443	90,803	122,947	772,471
Cumulative payments to date	(144,433)	(79,221)	(78,943)	(83,800)	(81,847)	(79,754)	(84,331)	(88,176)	(720,505)
TOTAL GROSS LIABILITY	3,641	532	878	935	2,048	2,689	6,472	34,771	51,966

Net claims:

Accident year	2008 & Prior	2009	2010	2011	2012	2013	2014	2015	Total
Estimate of net ultimate liability [1]									
as at end of accident year	105,053	73,170	77,951	83,602	84,778	87,318	88,212	84,401	-
one year later	108,732	73,964	75,015	80,136	80,084	77,866	79,718	-	-
two years later	108,317	73,475	73,861	79,125	78,562	76,412	-	-	-
three years later	108,609	73,359	73,865	79,136	78,415	-	-	-	-
four years later	108,724	73,400	74,238	78,682	-	-	-	-	-
five years later	109,124	73,492	74,055	-	-	-	-	-	-
six years later	109,768	73,415	-	-	-	-	-	-	-
seven years later	109,472	-	-	-	-	-	-	-	-
Current estimate of net cumulative liability	109,472	73,415	74,055	78,682	78,415	76,412	79,718	84,401	654,570
Cumulative payments to date	(109,061)	(73,239)	(73,521)	(78,353)	(76,855)	(75,433)	(77,296)	(65,155)	(628,913)
TOTAL NET LIABILITY	411	176	534	329	1,560	979	2,422	19,246	25,657

[1] Adjusted for revaluation of foreign currencies at the exchange rate as at year end.

12.3 UNEARNED PREMIUMS

FOR THE YEARS ENDED MARCH 31	2015 Unearned premiums	2015 Reinsurer's share of Unearned premiums	2015 Net	2014 Unearned premiums	2014 Reinsurer's share of Unearned premiums	2014 Net
Balance, beginning of year	17,611	9,422	8,189	17,691	10,202	7,489
Premiums written during the year	177,426	39,056	138,370	166,885	41,871	125,014
Net premiums earned (1)	(178,391)	(39,279)	(139,112)	(166,965)	(42,651)	(124,314)
BALANCE, END OF YEAR	16,646	9,199	7,447	17,611	9,422	8,189

(1) Includes foreign exchange movement arising from the translation of Sterling denominated balances to Bermuda dollars.

The Group is exposed to a pricing risk to the extent that unearned premiums are insufficient to meet the related future policy cost. Evaluations are performed regularly to estimate future claim costs, related expenses, and expected profit in relation to unearned premiums. There was no premium deficiency at March 31, 2015 or 2014.

13 INSURANCE BALANCES PAYABLE

Insurance balances payable is comprised of:

MARCH 31, 2015	Insured employee benefits	Life and pensions	Property and casualty	Total
Due to policyholders, agents and brokers	175	2,441	1,797	4,413
Due to reinsurers	1,231	1,118	1,614	3,963
Deferred commission income	-	-	2,686	2,686
TOTAL INSURANCE BALANCES PAYABLE	1,406	3,559	6,097	11,062

MARCH 31, 2014	Insured employee benefits	Life and pensions	Property and casualty	Total
Due to policyholders, agents and brokers	104	3,916	1,797	4,412
Due to reinsurers	2,073	1,189	1,614	3,963
Deferred commission income	-	-	2,922	2,922
TOTAL INSURANCE BALANCES PAYABLE	2,177	5,105	6,903	14,185

A reconciliation of the change in deferred commission income is shown below:

FOR THE YEARS ENDED MARCH 31	2015	2014
Balance, beginning of year	2,922	2,435
Deferral during the year	9,273	11,642
Income for the year	(9,604)	(11,207)
Foreign exchange rate movements	95	52
BALANCE, END OF YEAR	2,686	2,922

14 RISK MANAGEMENT

14.1 GOVERNANCE FRAMEWORK

The primary objective of the Group's risk and financial management framework is to protect the Group's Shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities if those opportunities fall outside of the Group's risk appetite. Management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has an established risk management function with clear terms of reference from the Board of Directors, its committees and the associated executive management committees. This is supplemented by a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and vice presidents. In addition, a Group policy framework which sets out the risk profiles for the Group, risk management, control and business conduct standards for the Group's operations is in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Group.

The Board of Directors approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Group's identification of risk and its interpretation, to ensure the appropriate quality and diversification of assets, and alignment of underwriting and reinsurance strategy to the corporate goals.

14.2 OPERATIONAL RISK AND CAPITAL MANAGEMENT

14.2.1 Operational Risk

The Group adopted the Bermuda Solvency Capital Requirement (BSCR)'s definition of operational risk. It is defined as the risk of loss or reputational damage resulting from inadequate or failed processes or systems, people (human factors) or external events. Sub-categories of operational risk include:

- People: Human errors, internal or external fraud, breaches of employment law, unauthorised activity, loss or lack of key personnel, inadequate training, inadequate supervision;
- Process: Lack of internal control procedures, project management failures, ineffective change management, payment or settlement failures, inadequate process documentation, errors in valuation and/or pricing models, accounting errors, internal or external reporting and distribution channels;
- Systems: Failure of systems or application software that supports daily execution of business units, lack of systems development and implementation documentation, systems security breaches, integrity of data, unavailability of systems due to computer hacking, virus attacks or denial of services; and
- External events: Inadequate third-party/vendor management, undocumented outsourcing process, non-compliance with regulatory requirements, natural and other disasters, political risks.

This definition excludes strategic risk, financial risk and legal/litigation risk.

The Group developed an operational risk management system to capture, analyse and report on causes of control breakdowns and operational risk events including customer complaints. Details and resolution of these events are reported to the Risk Management Committee monthly and highlights of the events are reported to the Risk Committee on a quarterly basis.

14.2.2 Capital Management

The Group's capital base is structured to exceed regulatory targets and desired capital ratios, maintain satisfactory credit ratings, align the profile of assets and liabilities taking account of risks inherent in the businesses, provide flexibility to take advantage of growth opportunities and provide an adequate return to shareholders. Capital is managed on a consolidated basis under principles that consider all the risks associated with the businesses. It is also managed at the operating segment level under the principles appropriate to the jurisdiction in which it operates. The Group's capital base consists of Share capital, Contributed surplus, Retained earnings and Accumulated other comprehensive loss as disclosed on the Consolidated Balance Sheet.

The Bermuda Monetary Authority (BMA) is the regulator of the Group. The laws and regulations of Bermuda require that the Group maintain a minimum amount of statutory capital and surplus based on the enhanced capital requirement. As of March 31, 2015, the amount of group statutory capital and surplus exceeds this regulatory requirement.

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which they operate. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the regulated entities and to meet unforeseen liabilities as these arise.

Management monitors the adequacy of the insurance subsidiaries' capital from the perspective of Bermuda, Gibraltar and Malta statutory requirements. The Bermuda Insurance Act 1978 and Related Regulations, the Gibraltar Insurance Companies Act 1987 and the Malta Insurance Intermediaries Act 2006 (the Acts) require the Group's insurance subsidiaries to file an audited annual statutory financial return and meet minimum solvency margins and minimum liquidity ratios.

The statutory capital and surplus and minimum solvency margin of the Group's insurance subsidiaries are shown below:

MARCH 31, 2015	Bermuda	Europe	Total
Statutory capital and surplus	129,478	9,288	138,766
Minimum solvency margin	30,639	4,308	34,947

MARCH 31, 2014	Bermuda	Europe	Total
Statutory capital and surplus	115,077	9,095	124,172
Minimum solvency margin	27,066	5,245	32,311

The BSCR is the prescribed form of capital and solvency return in Bermuda, which was revised under new legislation enacted in 2008. The BSCR includes a standardised model used to measure the risk associated with an insurance subsidiary's assets, liabilities and premiums, and a formula to take account of catastrophe risk exposure. The BMA requires all insurers to maintain their statutory capital and surplus at a target level which is 120 percent of the amount calculated in accordance with the BSCR. As of March 31, 2015, the statutory capital and surplus of the insurance subsidiaries exceeded this regulatory requirement.

In addition, minimum liquidity ratios must be maintained whereby relevant assets, as defined by the Acts, must exceed 75 percent of relevant liabilities. The Bermuda Insurance Act 1978 and Related Regulations limits the maximum amount of annual dividends and distributions that may be paid by the Group's insurance subsidiaries. Before reducing by 15 percent or more of its statutory capital, as set out in the prior year's financial statements, these insurance subsidiaries shall request the approval of the BMA. In addition, the Bermuda Companies Act 1981 limits the Group's ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that the Group would be unable to pay its liabilities as they become due, or if the realisable value of its assets would be less than the aggregate of its liabilities, issued share capital and contributed surplus accounts.

Argus Insurance Company (Europe) Limited is regulated by the Financial Services Commission (FSC) in Gibraltar, which requires the companies to maintain the Required Minimum Margin (RMM) of solvency. The RMM, which takes into account the premiums written and outstanding reserves on a class of business basis, seeks to ensure that the companies have at least the minimum amount and type of capital to meet future expected claim obligations.

Each one of the Group's insurance subsidiaries meets all requirements of the Acts and there are no additional restrictions on the distribution of Retained earnings.

14.3 FINANCIAL INSTRUMENT RISK MANAGEMENT

The Group has policies relating to the identification, measurement, monitoring, mitigation, and control of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risks which include currency, interest rate and other price risks including equity risk. The following describe how the Group manages these risks:

- Investment portfolios are monitored and reviewed regularly for investment quality by the Board of Directors and the Risk Committee of the Board;
- Credit ratings as determined by recognised external credit rating agencies are regularly monitored to ensure these meet the Group's Investment Policy;
- Collateral requirements and concentration limits are specified in the Group's Investment Policy; and
- Reinsurance is placed with counterparties that have a strong credit rating. Management regularly monitors and performs an assessment of creditworthiness of reinsurers.

14.3.1 Credit Risk

The Group has exposure to credit risk, which is the risk that a counterparty will suffer a deterioration in financial strength or be unable to pay amounts in full when due.

The concentration of credit risk exposures held by insurers may be expected to be greater than those associated with other industries, due to the specific nature of reinsurance markets and the extent of investments held in financial markets. By the nature of the business, reinsurers interact with similar customers in similar markets. However, the Group uses a panel of reinsurers with global operations and diversified portfolios and limits its exposure to any one reinsurer.

14.3.1(a) Maximum Exposure to Credit Risk

The following table summarises the Group's maximum exposure to credit risk related to financial instruments and insurance contracts. The maximum credit exposure is the carrying value of the financial assets and insurance assets net of any allowances for losses.

FOR THE YEARS ENDED MARCH 31	Note	2015	2014
Cash and short-term investments		33,095	31,340
Interest and dividends receivable		3,630	3,930
Bonds – at FVTPL and Held-to-maturity	3.1	392,156	325,041
Mortgages and loans	3.1	39,220	41,485
Policy loans	3.1	77	73
Derivative financial instruments	3.1	356	389
Other financial assets included in Other assets	8	4,287	6,668
Insurance balances receivable	6	10,830	13,057
Reinsurers' share of claims provisions	12	33,898	13,992
TOTAL CONSOLIDATED BALANCE SHEET MAXIMUM CREDIT EXPOSURE		517,549	435,975

Credit risk is mitigated by entering into collateral agreements for mortgages and loans. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Management monitors the value of the collateral, requests additional collateral when needed and performs an impairment evaluation on a regular basis. The Group manages credit risk by its specific investment diversification requirements such as investing by asset class, geography and industry, review of credit quality ratings for portfolio investments and an active credit risk governance, including independent monitoring and review and reporting to senior management and the Board.

14.3.1(b) Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics such as operating in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due.

The following tables provide details of the carrying value of bonds and derivative financial instruments by industry sector and geographic distribution.

FOR THE YEARS ENDED MARCH 31	2015	2014
Bonds issued or guaranteed by:		
Government and agency	114,764	90,872
Banking and finance	102,612	76,370
Asset-backed securities	58,921	43,296
Communications	19,598	14,190
Oil and gas	12,565	10,832
Manufacturing	12,301	5,940
Mining	11,544	6,770
Pharmaceutical	9,288	9,771
Transportation	5,920	7,561
Utilities and Energy	5,284	6,845
Supra National	1,267	915
Insurance	251	2,569
Other (1)	37,841	49,110
TOTAL BONDS	392,156	325,041
Derivative financial instruments issued or guaranteed by:		
Other	356	389
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	356	389

(1) Includes Investment in bond funds of $23.9 million (2014 – $20.4 million).

FOR THE YEARS ENDED MARCH 31	2015	2014
Geographical distribution of bonds is as follows:		
United States of America	259,275	232,091
Cayman Islands	20,137	11,069
United Kingdom	13,258	8,664
Netherlands	9,881	6,851
Canada	9,574	8,504
France	7,309	3,827
Australia	4,261	3,429
Japan	3,691	2,373
Russian Federation	3,156	2,464
Switzerland	3,115	906
SupraNational	2,891	-
Spain	2,228	-
Brazil	2,181	1,444
Luxembourg	2,166	3,266
Norway	2,000	2,363
Other (1)	47,033	37,790
TOTAL BONDS	392,156	325,041
Geographical distribution of derivative financial instruments is as follows:		
United States of America	356	389
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	356	389

(1) Includes Investment in bond funds of $23.9 million (2014 – $20.4 million) and includes bonds with less than $2.0 million of concentration of credit risk by industry sector.

Mortgages comprise first mortgages on real property situated in Bermuda. The following table provides details of the carrying value split into residential and non-residential. Residential mortgages include mortgages for both single and multiple family dwellings.

FOR THE YEARS ENDED MARCH 31	2015	2014
Residential	18,920	10,808
Non-residential	20,300	30,677
TOTAL MORTGAGES AND LOANS	39,220	41,485

14.3.1(c) Asset Quality

14.3.1(c)(i) Bonds and derivative financial instruments by credit rating

The following table provides an analysis of the carrying value of bonds and derivative financial instruments by rating.

FOR THE YEARS ENDED MARCH 31	2015	2014
Bond portfolio quality:		
AAA	50,259	45,966
AA	134,589	115,479
A+	36,604	18,513
A	75,685	78,996
BBB	73,076	50,268
BB	16,488	8,581
B	3,869	2,475
Not rated	1,586	4,763
TOTAL BONDS	392,156	325,041
Derivative financial instruments quality:		
AAA	313	38
BBB	43	351
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	356	389

14.3.1(c)(ii) Allowance for credit losses on impaired investments

Mortgage and loans

Changes in the allowance for credit losses are as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Balance, beginning of year	3,772	3,374
Net provision made in year – Mortgages and loans	1,870	398
BALANCE, END OF YEAR	5,642	3,772

Held-to-maturity bonds

During the year, the Group recognised $nil recovery of previously recognised impairment loss (2014 – $101,000 of recovery) on a bond portfolio classified as held-to-maturity.

14.3.1(c)(iii) Age analysis of financial assets past due but not impaired and impaired

MARCH 31, 2015	Past due but not impaired				
	Less than 90 days	90 to 179 days	180 days or more	Total	Total impaired
Mortgage and loans	18	8	1,346	1,372	1,870
Other receivables included in Other assets	886	124	161	1,171	-
TOTAL	904	132	1,507	2,543	1,870

MARCH 31, 2014	Past due but not impaired				
	Less than 90 days	90 to 179 days	180 days or more	Total	Total impaired
Mortgage and loans	410	484	605	1,499	398
Other receivables included in Other assets	47	22	495	564	-
TOTAL	457	506	1,100	2,063	398

Past due financial assets of $2.5 million at March 31, 2015, (2014 – $2.1 million) do not have an allowance for losses because at a minimum, either the fair value of the collateral or the present value of expected future cash flows exceed the carrying value of these financial assets.

14.3.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group's asset-liability management process allows it to maintain its good financial position by ensuring that sufficient liquid assets are available to cover its expected funding requirements. The Group invests in various types of assets with a view to matching them with its liabilities. To strengthen its liquidity further, the Group actively manages and monitors its capital and asset levels, the diversification and credit quality of its investments, cash forecasts and actual amounts against established targets.

The short-term (less than one year) liquidity needs are more than adequately met by maturing bonds, mortgages and loans, as well as by current operating cash flows. Historically, the Deposit administration pension plan liabilities renew for further periods upon maturity and remain with the Group. Longer duration cash flows are also backed by a broader range of asset classes including equity and other non-fixed income assets.

Reinvestment strategies and policies are in place for maturing assets backing longer-term liabilities and are reflected in the Life and annuity policy reserves. Based on the Group's historical cash flows and current financial performance, management believes that the cash flow from the Group's operating activities will continue to provide sufficient liquidity for the Group to meet its contractual obligations and to pay other expenses, as they fall due.

Liability maturity profile:

The following is an analysis by liability type of the estimated timing of net cash flows based on the Group's liabilities. The settlement profile is based on current estimates and historical trends and the actual timing of future cash flows may differ materially from the disclosure below.

MARCH 31, 2015	Within 1 year	2-5 years	6-10 years	Over 10 years	Total
Life and annuity policy reserves					
– net of reinsurance	13,114	47,748	50,064	121,878	232,804 (1)
Provision for unpaid and unreported claims					
– net of reinsurance	25,657	-	-	-	25,657
Insurance balances payable	11,062	-	-	-	11,062
Payables arising from investment transactions	46,043	-	-	-	46,043
Investment contract liabilities	36,479	46,550	37,054	118,606	238,689 (1)
Tax payable	91	-	-	-	91
Accounts payable and accrued liabilities	16,792	-	-	-	16,792
Post-employment benefit liability	133	654	950	2,783	4,520 (1)
TOTAL FROM GENERAL FUND LIABILITIES	149,371	94,952	88,068	243,267	575,658

(1) The amounts shown above are based on estimated net cash flows which differ from the amounts shown on the Consolidated Balance Sheet which are based on discounted cash flows.

MARCH 31, 2014	Within 1 year	2-5 years	6-10 years	Over 10 years	Total
Life and annuity policy reserves					
– net of reinsurance	11,392	43,305	46,790	105,695	207,182 (1)
Provision for unpaid and unreported claims					
– net of reinsurance	27,273	-	-	-	27,273
Insurance balances payable	14,185	-	-	-	14,185
Payables arising from investment transactions	18,555	-	-	-	18,555 (1)
Investment contract liabilities	29,521	42,775	34,500	123,320	230,116 (1)
Tax payable	66	-	-	-	66
Accounts payable and accrued liabilities	15,444	-	-	-	15,444
Post-employment benefit liability	128	632	950	2,971	4,681 (1)
TOTAL FROM GENERAL FUND LIABILITIES	116,564	86,712	82,240	231,986	517,502

(1) The amounts shown above are based on estimated net cash flows which differ from the amounts shown on the Consolidated Balance Sheet which are based on discounted cash flows.

14.3.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

14.3.3(a) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The following policies and procedures are in place to mitigate the Group's exposure to currency risk.

- The Group regularly monitors the effect of currency translation fluctuations;
- Investments are normally made in the same currency as the liabilities supported by those investments;
- The majority of the Group's assets, liabilities and earnings are denominated in Bermuda or U.S. dollars; and
- The assets and liabilities of the foreign operations are held in their appropriate functional currency. The net currency exposure arising from the net equity within these operations amounts to £10.9 million and €1.9 million (2014 – £10.1 million and €1.5 million).

The analysis that follows, showing the impact on equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract liabilities is performed for reasonably possible movements in foreign exchange rates with all other variables held constant. The correlation of other variables will have a significant effect in determining the ultimate impact on market risk.

FOR THE YEARS ENDED MARCH 31 Currency	Change in variables	2015 Impact on equity	2014 Impact on equity
Sterling	+/- 10%	+/- 1,094	+/- 1,005
Euro	+/- 10%	-/+ 193	-/+ 147

14.3.3(b) Interest Rate Risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Changes in market interest rates can impact the reinvestment of matured investments, as the returns available on new investments may be significantly different from the returns previously achieved. The Group manages these risks through:

- Asset allocation and diversification of the investment portfolio;
- Investing in fixed income assets that closely match the life product liability cash flows for products with fixed and highly predictable benefit payments; and
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow.

The impact of interest rate risk for the Group's actuarial liabilities and the assets supporting those liabilities is included in Note 12.

The Group issues unit-linked investment policies in a number of its operations. The policyholder bears the investment risk on the assets held in the unit-linked fund. The value of the policy benefits is directly linked to the value of the assets in the fund. The Group's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The Group issues deposit administration pension plans with a short term guaranteed rate of return. To the extent that the actual rate of return on the underlying funds differs from the guaranteed rate, the risk and rewards are borne by the Group. At March 31, 2015, the sensitivity of net income to a 100 basis point parallel increase in interest rates would have been a $5.7 million decrease (2014: $6.9 million decrease). For a 100 basis point parallel decline in interest rates the sensitivty to net income would have been a $5.9 million increase (2014: $7.2 million increase). For this plan type, the Group ensures (i) the liability and asset cash flows are closely matched, and (ii) the valuation of the liability and asset are monitored regularly.

14.3.3(c) Equity Risk

Equity investments are held in accordance with the Group's investment policy as part of the well diversified asset portfolio that are appropriate for the operating segment. Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. If actual returns are lower than the expected returns, the Group's Life and annuity policy reserves will increase and will reduce the Group's net earnings. Overall, it is expected that the impact of an immediate ten percent increase in value across all equity markets would be an increase in Net Earnings and Other comprehensive income of $4.8 million (2014 – $5.1 million); conversely the impact of a ten percent decrease would have an equal but opposite effect. The direct exposure to equity markets generally falls within the risk-taking philosophy of the Group's Investment Policy and is regularly monitored by management.

14.3.4 Limitations of sensitivity analysis

The sensitivity information given in Note 14.3 above and in Note 12 demonstrates the estimated impact of a change in a major input assumption while other assumptions remain unchanged. In reality, there are normally significant levels of correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Furthermore, estimates of sensitivity may become less reliable in unusual market conditions such as instances when risk free interest rates fall towards zero.

14.4 INSURANCE RISK MANAGEMENT

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

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

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure to mitigate both risk frequency and risk severity of the Group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

For details on insurance risk management policies of the Group's insurance operating segments, see Note 12.

15 PAYABLES ARISING FROM INVESTMENT TRANSACTIONS

FOR THE YEARS ENDED MARCH 31	Note	2015	2014
Payable arising from reverse repos	3.3	38,073	17,625
Derivatives	3.2	167	372
Investment trades awaiting settlement		7,803	558
		46,043	18,555

16 INVESTMENT CONTRACT LIABILITIES

Carrying values and estimated fair values of the Investment contract liabilities are as follows:

FOR THE YEARS ENDED MARCH 31	2015		2014	
	Carrying value	Fair value	Carrying value	Fair value
At amortised cost:				
Deposit administration pension plans	221,486	217,470	215,310	212,448
Self-funded group health policies	14,073	14,073	11,451	11,451
	235,559	231,543	226,761	223,899
At FVTPL:				
Deposit accounted annuity policies	3,014	3,014	3,222	3,222
TOTAL INVESTMENT CONTRACT LIABILITIES	238,573	234,577	229,983	227,121

16.1 INVESTMENT CONTRACT LIABILITIES AT AMORTISED COST

The change in Investment contract liabilities measured at amortised cost is a result of the following:

FOR THE YEARS ENDED MARCH 31	2015	2014
Balance, beginning of year	226,761	221,720
Deposits	85,851	91,113
Withdrawals	(72,280)	(82,002)
Fees deducted	(4,344)	(4,361)
Interest	2,479	2,844
Other	(2,908)	(2,553)
BALANCE, END OF YEAR	235,559	226,761

For the year ended March 31, 2015, the net gain relating to investment contracts measured at amortised cost is $3.8 million (2014 – net loss of $242,000).

16.2 INVESTMENT CONTRACT LIABILITIES AT FVTPL

The change in investment contract liabilities at FVTPL is a result of the following:

FOR THE YEARS ENDED MARCH 31	2015	2014
Balance, beginning of year	3,222	2,787
Included in net income (1)	(162)	(137)
Deposits	2,567	3,085
Withdrawals	(2,613)	(2,513)
BALANCE, END OF YEAR	3,014	3,222

(1) Amount is recorded under Change in contract liabilities on the Consolidated Statement of Operations.

For the year ended March 31, 2015, the net gain relating to Investment contract liabilities at FVTPL is $162,000 (2014 – gain of $137,000) and is recorded in Gross change in contract liabilities on the Consolidated Statement of Operations.

17 POST-EMPLOYMENT BENEFIT LIABILITY

The Group operates a post-employment medical benefit plan in Bermuda which provides medical benefits to eligible retired employees and their spouses. The amount of benefits provided depends on future cost escalation and the Company meets the benefit payment obligation as it falls due. Actuarial valuation to determine the defined benefit obligation is performed quarterly.

The plan exposes the Group to risks, such as longevity risk;, interest rate risk and healthcare cost inflation risks.

Responsibility for governance of the plan lies with the Company. Risks are managed through plan design and eligibility changes, which limit the size and growth of the defined benefit obligation.

The movement in the defined benefit liability is as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Balance, beginning of year	4,218	4,524
Movements during the year recognised in Operating expense:		
Current service cost	90	106
Interest cost on benefit liability	156	192
	246	298
Remeasurement during the year included in Other comprehensive income:		
Actuarial (gain)/loss arising from experience adjustment	(306)	(492)
Benefit payments	(116)	(112)
BALANCE, END OF YEAR	4,042	4,218

As at March 31, 2015, the present value of the defined benefit obligation was comprised of $1.9 million (2014 – $2.1 million) relating to active employees and $2.1 million (2014 – $2.1 million) relating to members in retirement.

Components of the change in benefit liabilities year on year and other employee future benefit expense are as follows:

(i) Current service cost represents benefits earned in the current year. These are determined with reference to the current workforce eligible for benefits and the amount of benefits to which they will be entitled upon retirement, based on the provisions of the Group's benefit plan.

(ii) Interest cost on the benefit liability represents the increase in the liability that results from the passage of time.

(iii) Each quarter the actuaries recalculate the benefit liability and compare it to that estimated as at the prior period end. Any differences resulting from changes in assumptions, or from plan experience being different from expectations of management at the previous year end, are considered actuarial gains or losses.

The significant actuarial assumptions in measuring the Group's accrued benefit liability are estimated as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Discount rate	3.8%	4.3%
Healthcare cost trend rate	6.5%	7.5%

The discount rate assumption has a significant impact on the value of the obligation. A one percent increase in this rate would reduce the present value of the defined benefit obligation by $497,000 (2014 – $524,000).

Healthcare cost calculations are based on trend rate assumptions which may differ from actual results. Changes in trend rate assumptions by one percent in either direction will change the healthcare cost as follows:

FOR THE YEARS ENDED MARCH 31	2015		2014	
	Increase	Decrease	Increase	Decrease
Aggregate of current service cost and interest cost	15	(13)	19	(16)
Accrued benefit liability	572	(478)	626	(504)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

18 GROUP COMPOSITION

18.1 LIST OF SIGNIFICANT SUBSIDIARIES

The table below provides details of the major operating subsidiaries which are directly and indirectly held by the Company:

Name	Country of incorporation and place of business	Nature of business	% of ownership interest held 2015 & 2014	% of ownership interest held by non-controlling interests 2015 & 2014
AFL Investments Limited	Bermuda	Investment management services	60%	40%
Argus Insurance Agencies Limited (formerly Fogg Insurance Agencies Limited)	Malta	Insurance agency	100%	-
Argus Insurance Company Limited	Bermuda	Property and casualty insurance: Home and commercial property, contractors' all risks, liability, marine, motor and employer's indemnity	100%	-
Argus Insurance Company (Europe) Limited	Gibraltar	Property and casualty insurance: Home and commercial property, contractors' all risks, liability, marine and motor	100%	-
Argus International Life Bermuda Limited (1)	Bermuda	Individual life and annuities	100%	-
Argus International Life Insurance Limited (1)	Bermuda	Individual life and annuities	74%	26%
Argus International Management Limited	Bermuda	Company management	100%	-
Argus Investment Nominees Limited	Bermuda	Nominee company	60%	40%
Argus Management Services Limited	Bermuda	Financial and general management services	100%	-
Bermuda Life Insurance Company Limited	Bermuda	Pensions, group life and long-term disability insurance, individual life and annuities, group and individual health insurance	100%	-
Bermuda Life Worldwide Limited	Bermuda	Individual life and annuities	100%	-
Centurion Insurance Services Limited	Bermuda	Insurance agent and licensed broker	100%	-
NBHH (Keepsake) Limited	Bermuda	Property holding comapny	100%	-
Trott Property Limited	Bermuda	Property holding company	100%	-
Westmed Insurance Services Limited	Gibraltar	Insurance agent and licensed broker	100%	-

(1) Argus International Life Bermuda Limited also owns 100% of Argus International Life Insurance Limited's preference shares.

All subsidiaries are included in the Group consolidated financial statements. The Group's voting rights percentages are the same as the ownership percentages.

18.2 SIGNIFICANT RESTRICTIONS

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory requirements within the jurisdiction in which they operate. See Note 14.2.2.

The carrying amounts of the insurance subsidiaries' General Fund Assets and General Fund Liabilities as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
General fund assets	643,622	550,630
General fund liabilities	529,264	469,821

18.3 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The Group acts as investment manager to an investment fund which is a structured entity not consolidated by the Group (the Fund). A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

In its capacity as investment manager to the Fund, the Group earned $4.1 million of investment management fees income during the year (2014 – $3.7 million). Although the Group has power to govern the Fund's financial and operating policies by virtue of the investment management contract, it does not have significant variable returns from the Fund. Accordingly, the Fund was not consolidated as part of the Group.

The table below presents summary financial information of the Fund and the Group's investment and maximum exposure to loss related to the Fund.

MARCH 31, 2015	Assets	Liabilities	Equity	Argus investments (1) & (3)	Maximum exposure to loss (2)
Investment fund	558,611	1,566	557,045	29,511	29,511

MARCH 31, 2014	Assets	Liabilities	Equity	Argus investments (1) & (3)	Maximum exposure to loss (2)
Investment fund	520,856	1,103	519,753	28,283	28,283

(1) These investments are shown under Investment at FVTPL in Note 3.2.
(2) The Group's maximum exposure to loss is limited to amounts invested in the Fund. The maximum loss is expected to occur only upon bankruptcy of the Fund.
(3) The following amounts are excluded from the above table as the Group does not bear the risks and rewards from these Funds:

- Segregated Funds – $498.9 million (2014 – $465.1 million)
  The contractual arrangements under Segregated Funds are such that the Segregated Fund policyholder bears the risk and rewards of the Fund's investment performance. Refer to Note 29 for Segregated Funds disclosures.
- Funds held by third parties – $28.6 million (2014 – $26.4 million)

19 DIVIDENDS

FOR THE YEAR ENDED MARCH 31			2015	
	Per share amount	Amount of dividends	Record date	Payment date
Interim dividend	0.07	1,507	August 11, 2014	September 9, 2014
Final dividend	0.07	1,508	January 30, 2015	February 16, 2015
	0.14	3,015		

FOR THE YEAR ENDED MARCH 31			2014	
	Per share amount	Amount of dividends	Record date	Payment date
Interim dividend	0.06	1,290	July 15, 2013	September 9, 2013
Final dividend	0.06	1,290	January 15, 2014	February 28, 2014
	0.12	2,580		

As a result of the Dividend Reinvestment Plan, the Company issued $47,989 (2014 – $13,996) of share capital during the year. The cash value of residual fractional amounts not reinvested is $330 (2014 – $216) and is shown under Accounts payable and accrued liabilities. This amount will be carried forward and combined with subsequent dividend payments.

20 EARNINGS PER SHARE

The following table reflects the net earnings and share data used in the basic and diluted earnings per share computations:

FOR THE YEARS ENDED MARCH 31	2015	2014
Net earnings for the year	16,032	13,304
Weighted average outstanding common shares	21,103	21,044
Common shares and common share equivalents	21,136	21,056

21 NET CHANGE IN UNEARNED PREMIUMS

FOR THE YEARS ENDED MARCH 31	2015	2014
Gross change in unearned premiums	(367)	80
Change in unearned premiums on premiums ceded	(118)	(780)
NET CHANGE IN UNEARNED PREMIUMS	(485)	(700)

22 REINSURANCE RECOVERIES

FOR THE YEARS ENDED MARCH 31	2015	2014
Claims and adjustment expenses recovered from reinsurers	(26,260)	(9,078)
Policy benefits recovered from reinsurers	(1,022)	(2,545)
TOTAL REINSURANCE RECOVERIES	(27,282)	(11,623)

23 NET CHANGE IN CONTRACT LIABILITIES

FOR THE YEARS ENDED MARCH 31	2015	2014
Gross change in contract liabilities:		
Insurance contracts	29,179	1,443
Investment contracts	(162)	137
	29,017	1,580
Change in reinsurers' share of claims provisions:		
Insurance contract liabilities	(20,805)	342
NET CHANGE IN CONTRACT LIABILITIES	8,212	1,922

24 COMMISSIONS, MANAGEMENT FEES AND OTHER

Commissions, management fees and other income recognised during the year are as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Policyholder administration	17,485	16,697
Investment management services	5,419	4,802
Reinsurance commission income	8,412	9,641
Other income	112	172
TOTAL COMMISSIONS, MANAGEMENT FEES AND OTHER	31,428	31,312

25 OPERATING EXPENSES

Operating expenses incurred during the year are as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Employee benefits expense (see table below)	27,205	26,139
Professional fees	5,371	3,814
General and corporate expenses	3,825	2,194
IT related expenses	3,035	2,444
Building related expenses	2,819	2,916
Marketing expenses	1,394	1,408
Other expenses	4,098	3,664
TOTAL OPERATING EXPENSES	47,747	42,579

Employee benefits expense during the year is comprised of:

FOR THE YEARS ENDED MARCH 31	Note	2015	2014
Salaries and other short-term benefits		25,661	24,520
Pension costs [1]		1,250	1,346
Post-employment medical benefits	15	132	186
Stock-based compensation	25	162	87
TOTAL EMPLOYEE BENEFITS EXPENSE		27,205	26,139

(1) Pension costs arise from the Group's defined contribution pension plan covering all full-time employees in Bermuda and Gibraltar.

26 STOCK-BASED COMPENSATION

As at March 31, 2015, the Group has two stock-based compensation plans, which are described below.

26.1 STOCK OPTION PLAN

Under the Group's 2004 Stock Option Plan, options were granted to key management employees at exercise prices not less than the fair market value of the Group's shares on the date the option was granted. Options become exercisable at the rate of 25 percent per year commencing one year after the date of grant and options not exercised lapse ten years after the date of grant. The consideration paid by employees on exercise of share options is credited to Share capital and Contributed surplus on the Consolidated Balance Sheet. Shares under option and option prices per share are adjusted for all stock dividends declared subsequent to the date of grant. The fair value of options on the date of grant was determined using the Black-Scholes option pricing model.

At the Annual General Meeting of Shareholders held on July 26, 2007, the Directors were granted authority to cease issuing further stock options under the Group's 2004 Stock Option Plan and, in its stead, adopted the 2007 Restricted Stock Plan as described in Note 26.2 below. Stock options granted prior to this date remain valid and the terms and conditions of the 2004 Stock Option Plan continue to apply thereto until expiration in 2017. There have been no stock options granted since 2007.

The following table summarises the activity under the Group's stock option plan:

FOR THE YEARS ENDED MARCH 31	2015		2014	
	Total number of shares under option	Weighted average exercise price	Total number of shares under option	Weighted average exercise price
Outstanding, beginning of year	201,526	$10.00	245,927	$9.30
Changes during the year:				
Expired	(62,435)	$8.90	(44,401)	$5.90
OUTSTANDING AND EXERCISABLE, END OF YEAR	139,091	$10.50	201,526	$10.00

The weighted average remaining contractual life of options outstanding is 0.7 years (2014 – 1.3 years). The range of fair values of options outstanding is $2.20 to $2.70. The stock options were fully vested on March 31, 2011.

The characteristics as at March 31, 2015, of options granted in earlier years are as follows:

Fiscal year	Exercise price	Number of Outstanding	Shares Exercisable
2006	$9.00	65,030	65,030
2007	$11.80	74,061	74,061
	$10.50	139,091	139,091

26.2 RESTRICTED STOCK PLAN

The 2007 Restricted Stock Plan expired in July 2012, and was replaced at the Annual General Meeting of Shareholders held on September 7, 2012, with the 2012 Restricted Stock Plan.

The purpose of the Restricted Stock Plans is to enhance the Group's ability to attract and retain the services of certain key employees and to incentivise such persons to devote their utmost effort and skill to the growth of the Group by providing them with an interest in its long-term growth and stability. Under each of the Restricted Stock Plans, the maximum number of shares that may be granted is 250,000 over the five-year life of each plan.

Shares are granted unvested and vest at the rate of 33 1/3 percent at the end of each year for three years after the date of grant. The fair value of each share granted is based upon the market price at the date of grant.

The details on shares granted and forfeited during the year are as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Number of shares granted	49,380	50,200
Fair value per share	$3.90	$4.00
Number of shares forfeited	3,900	3,067

The following table summarises information about the outstanding stock grants:

Restricted shares vesting	Number of shares
June 2015	13,600
July 2015	16,360
October 2015	15,333
July 2016	16,360
October 2016	15,333
July 2017	16,360
TOTAL	93,346

27 RELATED PARTY TRANSACTIONS

All related party transactions were conducted in the normal course of business.

27.1 TRANSACTIONS WITH SIGNIFICANTLY INFLUENCED INVESTEES

27.1.1 The Group provided insurance-related products and services to various significantly influenced investees. The premiums and fees received from these transactions totalled $9.4 million in the year and are shown as Gross premium written and Commission, management fees and other on the Consolidated Statement of Operations (2014 – $736,000).

Receivables and payables arising from insurance contracts and service contracts with the significantly influenced investees are as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Insurance balances receivable	-	25
Payable to self-funded group health policies [1]	(371)	(79)
Accounts payable/receivable arising from administration of defined benefit pension plans [2]	(99)	58

[1] Included in Investment contract liabilities
[2] Included in Accounts payable and accrued liabilities/Other assets.

27.1.2 The Group rented office premises from a significantly influenced investee paying a total of $329,000 in rent and service charges in the year which are shown in Operating expenses in the Consolidated Statement of Operations (2014 – $329,000).

27.1.3 The Group received facilities management services from a significantly influenced investee for the consideration amount of $1.1 million which is shown net of Investment income on the Consolidated Statement of Operations (2014 – $1.4 million).

27.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel have been identified as the Board of Directors and Officers of the Company. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Group. The summary of compensation of key management personnel for the year is as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Salaries and other short-term benefits	2,427	2,315
Post-employment benefits [1]	117	113
Stock-based compensation	23	12
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	2,567	2,440

[1] Includes pension costs and post-employment medical benefits

27.3 DIRECTORS' AND OFFICERS' SHARE INTERESTS AND SERVICE CONTRACTS

The total interests of all Directors and Officers of the Company in the shares of the Company at March 31, 2015, was 372,873 shares.

With the exception of the employment contract with the Chief Executive Officer, Ms. A. S. Hill, and a consultancy agreement with a non-executive director, there were no other service contracts with the Directors during the year.

28 INCOME TAXES

Bermuda

Group entities domiciled in Bermuda received an undertaking from the Bermuda government exempting these companies from all Bermuda local income, withholding and capital gains taxes until 2035. At the present time no such taxes are levied in Bermuda.

Europe

Subsidiaries domiciled in Gibraltar are subject to normal Gibraltar corporation tax at a rate of 10 percent on all taxable profits.

The subsidiary domiciled in Malta is subject to normal Malta corporation tax at a rate of 35 percent on all taxable profits.

U.S.

Argus International Life Insurance Limited (AILIL), a Bermuda domiciled subsidiary, has elected under section 953(d) of the U.S. Internal Revenue Code (IRC) to be taxed as a U.S. domestic corporation. AILIL is subject to the U.S. marginal corporate income tax rate of 34 percent.

28.1 INCOME TAXES FOR THE YEAR

FOR THE YEARS ENDED MARCH 31	2015	2014
Income taxes for the year	124	61
Adjustments in respect of prior year income taxes	(256)	(1)
Total current income taxes	(132)	60
Deferred taxes	(10)	-
TOTAL INCOME TAXES	(142)	60

28.2 CURRENT INCOME TAXES RECONCILIATION

Tax applying the statutory domestic income tax rate and the tax charge for the year are reconciled as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Earnings before income taxes	16,349	13,710
Less: Earnings not subject to taxes	15,119	13,465
EARNINGS/(LOSS) SUBJECT TO TAXES	1,230	245
Income taxes at the application rate	116	(65)
Tax effect of:		
Expenses not deductible for tax purposes	7	8
Difference between depreciation and capital allowances	72	26
Income not taxable	(68)	(33)
Effect of tax losses	(99)	-
Adjustments to tax charge in respect of previous period	(192)	(1)
Unrecognised temporary difference	22	125
TOTAL CURRENT INCOME TAXES	(142)	60

28.3 DEFERRED TAX

Deferred tax refers to the Group's deferred tax liability arising on Property and equipment which is included in the Taxes payable on the Consolidated Balance Sheet.

FOR THE YEARS ENDED MARCH 31	2015	2014
Balance, beginning of year	(11)	(10)
Deferred income tax recovery	10	-
Foreign exchange adjustment	1	(1)
	-	(11)

28.4 UNRECOGNISED DEFERRED TAX ASSETS

As at March 31, 2015, the Group has net operating loss carryforwards of $3.9 million originating in 2007 through 2015 (2014 – $4.3 million originating in 2007 through 2014). Of the total net operating loss carryforwards of the Group, $724,000 (2014 – $724,000) is subject to limitations under IRC section 382.

$3.7 million of the Group's net operating loss carryforwards will expire in 2027 through 2032 under the current U.S. tax legislation (2014 – $3.9 million which will expire in 2027 through 2033). The remaining net operating loss carry forwards of $180,000 (2014 – $443,000) do not expire under the current Malta tax legislation.

The unrecognised benefit related to the net operating loss carryforwards, capital allowances carried forward and deductible temporary differences are included in the table below.

FOR THE YEARS ENDED MARCH 31	2015	2014
Tax losses carried forward	1,377	1,473
Capital allowances carried forward	58	52
Deductible temporary differences	26	19
NET UNRECOGNISED DEFERRED TAX ASSETS	1,461	1,544

29 SEGREGATED FUNDS AND SEPARATE ACCOUNTS

The assets for contracts held under the Segregated Funds are allocated to Separate Accounts as authorised by the Bermuda Life Insurance Company Limited (Separate Accounts) Consolidation and Amendment Act 1998 and the Argus International Life Insurance Limited Consolidation and Amendment Act 2008.

Changes to Segregated Funds and a summary of the investments held therein are as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Additions to Segregated Funds		
Premiums, contributions and transfers	149,611	260,709
Net investment income	861	5,326
Net increase/(decrease) in fair value of investments	49,340	106,246
Segregated funds acquired	-	472
	199,812	372,753
Deductions from Segregated Funds		
Withdrawals, benefit payments and transfers to the General Fund	140,913	181,222
Operating expenses	15,936	13,392
	156,849	194,614
Net additions to Segregated Funds for the year	42,963	178,138
Segregated Funds, beginning of year	1,514,248	1,336,110
SEGREGATED FUNDS, END OF YEAR	1,557,211	1,514,248

30 OPERATING SEGMENTS

Transactions between segments are executed and priced on an arm's-length basis in a manner similar to transactions with third parties. These transactions consist primarily of rental and internal financing agreements and insurance contracts. Inter-segment income has been omitted in the following table as immaterial.

30.1 RESULTS BY SEGMENT

FOR THE YEARS ENDED MARCH 31		Group insurance	Life and pensions	Property and casualty	All other	Total
Segment operating revenues	2015	106,222	30,107	28,032	4,952	169,313
	2014	103,541	18,115	29,010	4,960	155,626
Investment income	2015	930	14,466	2,839	(3,407)	14,828
	2014	306	5,391	1,151	39	6,887
Share of earnings of associates	2015	-	356	-	390	746
	2014	-	218	-	516	734
TOTAL SEGMENT REVENUES	2015	107,152	44,929	30,871	1,935	184,887
	2014	103,323	23,724	30,974	5,226	163,274
Amortisation, depreciation and impairment	2015	510	2,368	4,083	7,785	14,746
	2014	555	1,809	2,257	2,106	6,727
Income tax benefit/(expense)	2015	-	-	142	-	142
	2014	-	-	(60)	-	(60)
Segment earnings/(loss) attributable to shareholders, after tax	2015	35,045	5,446	(5,683)	(18,776)	16,032
	2014	18,747	(3,154)	3,508	(5,797)	13,304

GEOGRAPHIC INFORMATION ON SEGMENT REVENUES:

FOR THE YEARS ENDED MARCH 31		Bermuda	Europe	Total
Segment revenues	2015	166,626	18,261	184,887
	2014	146,836	16,411	163,247

Management considers its external customers to be the individual policyholders and as such, the Group is not reliant on any individual customer.

30.2 ASSETS AND LIABILITIES BY SEGMENT:

	Group insurance	Life and pensions	Property and casualty	All other	Total
MARCH 31, 2015:					
Total General Fund Assets	16,073	526,608	100,941	19,963	663,585
Segregated Fund Assets	-	1,557,211	-	-	1,557,211
Total General Fund Liabilities	27,931	437,906	63,427	14,503	543,767
Segregated Fund Liabilities	-	1,557,211	-	-	1,557,211
MARCH 31, 2014:					
Total General Fund Assets	19,626	435,593	95,411	40,252	590,882
Segregated Fund Assets	-	1,514,248	-	-	1,514,248
Total General Fund Liabilities	26,676	397,517	45,628	13,540	483,361
Segregated Fund Liabilities	-	1,514,248	-	-	1,514,248

31 COMPONENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

FOR THE YEARS ENDED MARCH 31	2015	2014
Remeasurement of post-employment medical benefit obligation	(1,583)	(1,889)
Available-for-sale investments	224	249
Investment in associates	12	(1,090)
Translation of financial statements of foreign operations	(2,546)	(1,109)
TOTAL ACCUMULATED OTHER COMPREHENSIVE LOSS	(3,893)	(3,839)

32 COMMITMENTS AND CONTINGENCIES

32.1 OPERATING LEASES

32.1.1 Group as a lessor

The Group has entered into non-cancellable commercial property leases on several floors of the Group's office buildings. These leases have remaining terms of between one and four years. All leases include a clause to enable upward revision of the rental charge upon expiration according to prevailing market conditions.

Future annual minimum lease rentals receivable under non-cancellable operating leases as at March 31, 2015, are as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Within one year	1,599	1,737
After one year but not more than five years	1,604	3,194

32.1.2 Group as a lessee

The Group has entered into commercial leases on office spaces. These leases have remaining terms of between one and nine years. Certain leases have a renewal option included in the contracts. There are no restrictions placed upon the Group by entering into the leases.

During the year ended March 31, 2015 and 2014, an amount of $1.7 million and $1.9 million respectively, was recognised in Operating expenses on the Consolidated Statement of Operations for operating leases.

Future annual minimum rentals payable under non-cancellable operating leases as at March 31, 2015, are as follows:

FOR THE YEARS ENDED MARCH 31	2015	2014
Within one year	819	769
After one year but not more than five years	2,053	1,549
More than five years	1,088	399

32.2 CONTINGENCIES

(i) In September 2014, a former policyholder filed in the superior court of the State of Rhode Island against Bermuda Life Insurance Company Limited and the company for $15 million in damages, claiming losses related to investments in Bernard Madoff's Ponzi scheme. The Group believes the allegations are without merit and is vigorously defending against the claim.

(ii) The Group is contingently liable with respect to certain litigation and claims that arise in the normal course of business.

33 COMPARATIVE FIGURES

Certain of the 2014 comparative figures have been reclassified to conform to the presentation adopted for 2015.

34 SUBSEQUENT EVENTS

34.1 CLAIM SETTLEMENT

In June 2015, the litigation against the Tremont Group was concluded on confidential terms.

34.2 DIVIDENDS

Based upon the audited financial results of the Group for the year ended March 31, 2015, the Directors have declared an interim dividend of eight cents per share (2014 – seven cents per share) payable on July 24, 2015 for shareholders of record on July 10, 2015.

DIRECTORS OF PRINCIPAL OPERATING SUBSIDIARIES

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Paul C. Wollmann
DEPUTY CHAIRMAN

John Doherty

Alison S. Hill

David W. Pugh

Robert D. Steinhoff

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