

# Pro Global Insurance Solutions plc

**Interim Report** 30 June 2015

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## Interim results

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Pro Global Insurance Solutions plc (the “Company” or “Pro”) is a specialist outsourcing and consulting service provider addressing complex operational needs of global insurers and reinsurers;

- Following its demerger from Tawa in April 2014, Pro outlined its “Client First” strategy, as an independent services company and set about implementing that strategy.

Since the launch of the strategy Pro has:

- Defined and launched Pro client’s value proposition, aiming to enhance Pro’s reputation and market position;
- Organised the business into two principal activities (consulting and outsourcing) and four client-centric business lines;
  - a. Risk audit and compliance (consulting)
  - b. Operational consulting
  - c. Technical outsourcing
  - d. Legacy solutions (outsourcing)
- Focused Pro’s sales activities on expanding its client base and broadening existing relationships, seeking long-term high-margin revenue sources. This is evidenced by a strong and more diverse pipeline; and
- Addressed Pro’s costs to ensure an appropriate alignment of costs with revenues and repositioning internal resources onto revenue-generating client activities. This is evidenced by the reduction Pro’s direct expenses, while maintaining the run rate of operating overheads, i.e., reinvesting overhead savings into business development

While 2014 was a year of transition, Pro views 2015 as a year of investment in growth and future value creation. The Pro brand, as an independent service entity, is gaining recognition in the market attracting new clients and talent.

Pro is well positioned to capture opportunities created by ongoing change in the global insurance and reinsurance markets, driven by regulatory, capital, and pricing pressures. Pro invests in innovation and solving client problems of the future, e.g., Pro’s STRIPE reinsurance trading platform is gaining increasing recognition in the market

The business is facing the risk of declining legacy revenues from existing clients but Pro is pursuing alternative strategies to replenish those revenues.

Pro is actively investing in the US platform where we see a vast market for Pro’s service proposition and promising ‘green shoots’ in opportunities to deliver underwriting support and claims services, especially to London Market insurers operating in the US.

The Pro team continues its single-minded focus on delivering the “Client First” strategy and transforming Pro into a successful standalone service business.

## Interim results (continued)

	<b>2015</b>	2014
	<b>6 months</b>	6 months
	<b>(unaudited)</b>	(unaudited)
	£000's	£000's
Revenue from Core business		
Consulting	3,792	2,376
Outsourcing	7,569	7,922
Other	944	1,201
<b>Total</b>	<b>12,305</b>	<b>11,499</b>
Direct Costs	(6,862)	(7,848)
<b>Gross Profit</b>	<b>5,443</b>	<b>3,651</b>
Gross Margin	44%	32%
Operating Overheads	(5,293)	(5,237)
Interest	(60)	(60)
<b>Operating Profit / (loss)</b>	<b>90</b>	<b>(1,646)</b>
Non Operating expenses	(375)	(422)
<b>Total Operating Profit / (loss) including non operating items</b>	<b>(285)</b>	<b>(2,068)</b>
Profit from discontinued Operations	-	4,041
Net Gain from investing activities	662	872
Other	-	10
<b>Consolidated Profit / (loss)</b>	<b>377</b>	<b>2,855</b>

Group results show a £90 thousand operating profit for the interim period compared to an operating loss of £1.6 million in the 1<sup>st</sup> half of 2014. Total profit for the group was £0.4 million compared to £2.9 million profit in the comparative period. The 2014 comparative included £4.0 million profit from discontinued operations.

Since the demerger in 2014, Pro has focused on implementing its long-term "Client First" growth strategy and has already begun to see encouraging results. The 2015 results show revenue growth of 7% with strong growth in consultancy revenue, up 60% on the same period in 2014. New outsourcing revenue of £0.5 million has been offset by the natural decline in revenue from the closed books of business which continue to run off, resulting in net 4% decline. Gross margins have improved across all business lines from 32% in H1 2014 to 44% primarily as a result of the restructuring completed in 2014 combined with higher levels of utilisation of client facing employees.

Operating overheads remain flat year on year. This reflects the restructuring savings from 2014 reinvested in business development in the US and Germany.

In January 2012, Pro acquired a 33% interest in Asta, the leading turnkey managing agency Services Company in Lloyd's. Asta continues to perform strongly with Pro's share of their results contributing £0.6 million and £0.7 million to the Group results in the six month periods to 30 June 2015 and 30 June 2014 respectively. Asta paid its dividends of £0.2 million (for Pro's 33% share) in 2015 and re-purchased £1 million of preference shares reducing Pro's holding to £5.5 million at the end of 2014.

## Condensed consolidated income statement

For the period ended 30 June 2015

	Notes	6 months 30 Jun 2015 (unaudited) £000's	6 months 30 Jun 2014 (unaudited) £000's
<b>Continuing operations</b>			
Revenue		12,305	11,499
Expenses		(12,530)	(13,507)
Other income/(expenses)		221	424
<b>Results of operating activities</b>		<b>(4)</b>	<b>(1,584)</b>
Share of results of associate		647	721
Finance costs		(266)	(333)
<b>Profit/(loss) before taxation</b>		<b>377</b>	<b>(1,196)</b>
Taxation		-	10
<b>Profit/(loss) for the period from continuing operations</b>		<b>377</b>	<b>(1,186)</b>
Profit/(loss) for the period from discontinued operations		-	4,041
<b>Profit/(loss) before taxation</b>		<b>377</b>	<b>2,855</b>
Profit / (loss) for the period from continuing operations		377	(1,186)
Profit for the period from discontinued operations		-	4,049
<b>Profit for the period attributable to owners of the Company</b>		<b>377</b>	<b>2,863</b>
Results for the period from continuing operations		-	-
Results for the period from discontinued operations		-	(8)
<b>Results for the period attributable to non-controlling interests</b>		<b>-</b>	<b>(8)</b>
<b>Profit for the period</b>		<b>377</b>	<b>2,855</b>
<b>Earnings per share</b>			
<b>From continuing and discontinued operations</b>			
Basic: Ordinary shares (pence per share)	6	0.33	2.47
Diluted: Ordinary shares (pence per share)	6	0.32	2.40
<b>From continuing operations</b>			
Basic: Ordinary shares (pence per share)	6	0.33	(1.06)
Diluted: Ordinary shares (pence per share)	6	0.32	(1.06)

## Condensed consolidated statement of comprehensive income

For the period ended 30 June 2015

	6 months 30 Jun 2015 (unaudited)	6 months 30 Jun 2014 (unaudited)
	£000's	£000's
Profit before taxation	377	2,855
<b>Other comprehensive (losses)/income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(108)	(123)
<b>Total comprehensive income for the period</b>	<b>269</b>	<b>2,732</b>
Profit / (loss) for the period from continuing operations	269	(1,309)
Profit for the period from discontinued operations	-	4,049
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>269</b>	<b>2,740</b>
Results for the period from continuing operations	-	-
Results for the period from discontinued operations	-	(8)
<b>Results for the period attributable to non-controlling interests</b>	<b>-</b>	<b>(8)</b>
<b>Total comprehensive income for the period</b>	<b>269</b>	<b>2,732</b>

## Condensed consolidated statement of financial position

As at 30 June 2015

	Notes	30 Jun 2015 (unaudited) £000's	31 Dec 2014 (unaudited) £000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		969	1,356
Goodwill		5,117	5,117
Other intangible assets		255	288
Interest in associate		7,441	6,794
		<b>13,782</b>	<b>13,555</b>
<b>Current assets</b>			
Loans and receivables including insurance receivables		6,624	6,609
Financial assets - investments		35	28
Cash and cash equivalents		5,848	7,753
		<b>12,507</b>	<b>14,390</b>
Assets classified as held for sale	7	18,344	19,311
<b>Total assets</b>		<b>44,633</b>	<b>47,256</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		2,264	2,264
Other reserves		3,298	3,406
Retained earnings		2,564	2,187
<b>Total equity</b>		<b>8,126</b>	<b>7,857</b>
<b>Non-current liabilities</b>			
Financial liabilities - borrowings		11,878	12,526
		<b>11,878</b>	<b>12,526</b>
<b>Current liabilities</b>			
Other liabilities		6,285	7,562
		<b>6,285</b>	<b>7,562</b>
Liabilities directly associated with assets classified as held for sale	7	18,344	19,311
<b>Total liabilities</b>		<b>36,507</b>	<b>39,399</b>
<b>Total equity and liabilities</b>		<b>44,633</b>	<b>47,256</b>

## Condensed consolidated statement of changes in equity

As at 30 June 2015

	Share capital	Share premium reserve	Share based payments reserve	Capital redemption reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total Equity
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 January 2014 reported in \$000's	22,154	112,751	4,152	361	677	(40,440)	99,655	654	100,309
Balance at 1 January 2014 restated in £000's	11,337	57,475	2,698	252	7,200	(17,793)	61,169	419	61,588
<b>Comprehensive Profit</b>									
Profit for the period	-	-	-	-	-	2,863	2,863	-	2,863
<b>Other comprehensive losses</b>									
Currency translation differences	(3)	-	-	-	(51)	(85)	(139)	-	(139)
<b>Total comprehensive loss for the period</b>	(3)	-	-	-	(51)	2,778	2,724	-	2,724
<b>Reclassification of exchange difference on demerger</b>					(6,751)	(220)	(6,971)	-	(6,971)
<b>Transactions with owners</b>									
Capital reduction	(9,070)	(57,475)	-	-	-	66,545	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-
Non-cash distribution	-	-	-	-	-	(49,631)	(49,631)	(699)	(50,330)
<b>Total transactions with owners</b>	(9,070)	(57,475)	-	-	-	16,914	(49,631)	(699)	(50,330)
<b>Balance at 30 June 2014 (unaudited)</b>	<b>2,264</b>	<b>-</b>	<b>2,698</b>	<b>252</b>	<b>398</b>	<b>1,679</b>	<b>7,291</b>	<b>(280)</b>	<b>7,011</b>
Balance at 1 January 2015	2,264	-	2,730	255	421	2,187	7,857	-	7,857
<b>Comprehensive Profit</b>									
Profit for the period	-	-	-	-	-	377	377	-	377
<b>Other comprehensive losses</b>									
Reclassification adjustment from equity	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	(108)	-	(108)	-	(108)
<b>Total comprehensive (loss)/profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(108)</b>	<b>377</b>	<b>269</b>	<b>-</b>	<b>269</b>
<b>Balance at 30 June 2015 (unaudited)</b>	<b>2,264</b>	<b>-</b>	<b>2,730</b>	<b>255</b>	<b>313</b>	<b>2,564</b>	<b>8,126</b>	<b>-</b>	<b>8,126</b>



## Condensed consolidated statement of cash flows

For the period ended 30 June 2015

		6 months 30 Jun 2015 (unaudited)	6 months 30 Jun 2014 (unaudited)
	Notes	£000's	£000's
Net cash (used in)/generated from continuing operations	8	(1,120)	(6,169)
Net cash used in discontinued operations		-	(591)
<b>Cash (used in)/generated from operations</b>		<b>(1,120)</b>	<b>(6,760)</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment		(127)	(553)
Cash and cash equivalents from demerged subsidiaries		-	(8,765)
Cash generated from discontinued investing activities		-	115
<b>Cash used in investing activities</b>		<b>(127)</b>	<b>(9,203)</b>
<b>Financing activities</b>			
Cash used in financing activities		(585)	-
Cash used in discontinued financing activities		-	(421)
<b>Cash flows used in financing activities</b>		<b>(585)</b>	<b>(421)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,832)</b>	<b>(16,384)</b>
Cash and cash equivalents at beginning of period		7,753	23,881
Effects of exchange rate changes on the balance of cash held in foreign currencies		(73)	(540)
<b>Cash and cash equivalents at end of period</b>		<b>5,848</b>	<b>6,957</b>
<b>As presented in the consolidated statement of financial position</b>			
Cash and cash equivalents		7,753	13,355
Assets classified as held for sale		-	10,526
<b>Cash and cash equivalents at beginning of year</b>		<b>7,753</b>	<b>23,881</b>
<b>As presented in the consolidated statement of financial position</b>			
Cash and cash equivalents		5,848	3,430
Assets classified as held for sale		-	3,527
<b>Cash and cash equivalents at end of period</b>		<b>5,848</b>	<b>6,957</b>

### Major non-cash transactions

On 26 March 2014 the Company's share premium of £57.5 million was cancelled and the nominal value of 113,375,177 ordinary shares was reduced from 10 pence to 2 pence.

On 3 April 2014 the Company made a non-cash distribution, dividend in specie, of £50.3 million.

# Notes to the condensed consolidated financial statements

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For the period ended 30 June 2015

## 1. General information

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The interim consolidated financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not include a reference to any matters to which the auditors draw attention by way of emphasis without qualifying the report, and did not contain any statements under section 498(2) or 498(3) of the Companies Act 2006.

The Directors have considered the position of the Group's assets compared to the liabilities. In addition they have assessed the Group's liquidity with regard to expected future cash flows. They have also considered the performance of the business, as discussed in the interim results. In light of these reviews the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the interim report.

The interim results have been reviewed by the Group's auditors, Mazars LLP, and their review report is set out on page 15.

## 2. Significant accounting policies

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### a. Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted for use in the European Union. The financial statements also comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the report of the Directors.

The financial statements are presented in thousands of pounds sterling, rounded to the nearest thousand, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### b. Basis of consolidation

These financial statements consolidate all the enterprises over which the Group exercises control either directly or indirectly (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss from the effective date of acquisition or up to the effective date of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

## 3. Critical accounting judgements and estimates

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The judgements and estimates made by management which are relevant and have a significant effect on the condensed consolidated financial statements are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2014.

### Accounting Judgements

#### QX Reinsurance Company Limited ("QX Re")

QX Re was not transferred as part of the demerger. However, the economic rights and therefore the exposure to and rights to variable returns relating to this entity are no longer held by Pro. As a result, at 30 June 2015, it is management's view that Pro does not control QX Re and it has not been consolidated.

### Accounting Estimates

Provisions for future liabilities or work in progress accruals for future revenue are only accrued on the basis that the asset or liability is certain. The values that are included are calculated based on the information that is available and an assessment of the likely outcome.

## 4. Change in accounting policy

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Following the demerger the Group's revenues, profits and cash flows are primarily generated in pounds sterling, and are expected to remain principally denominated in sterling for the foreseeable future. Historically the Group presented its consolidated financial statements in US dollars. During the period the Group changed the currency in which it presents its financial statements from US dollars to pounds sterling, in order to better reflect the underlying performance of the Group.

A change in the presentation currency is considered a change in accounting policy and has been accounted for retrospectively. Financial information included in the financial statements for the periods ended 30 June 2013 and 31 December 2013 previously reported in US dollars have been restated into pounds sterling using the following procedures:

- assets and liabilities were translated into pounds sterling at the closing rates of exchange on the relevant reporting dates;
- income and expenditure were translated at the average rates of exchange prevailing for the relevant periods; and
- the translation reserve was recalculated from accumulated gains and losses using average rates of exchange prevailing for the relevant periods.

Following consideration by the Directors, with effect from 1 January 2015 the accounting policy for depreciation has been amended to the following: Computer equipment – 3 years, Office equipment – 4 years and Furniture – 10 years. This change in accounting policy resulted in a credit of £0.2 million in the 2015 interim accounts. No adjustment has been made to prior year results as the impact is deemed to be immaterial.

## 5. Segmental information

The Group's revenue is generated in a number of countries, United Kingdom, United States, Europe and Latin America, with the activities divided into two key segments.

### Outsourcing

Outsourcing is provided within the reinsurance and insurance industry with services provided through the Company's legacy solutions product to books of business that are in run-off. The technical outsourcing product provides outsourcing services to both start up and established operators.

### Consultancy

Consultancy services are provided within the reinsurance and insurance industry to provide services in two key areas:

- Risk, audit and compliance; and
- Change management including project management, process engineering, business analysis and data engineering.

### Other

Other includes revenue from STRIPE Global Services Limited, Debt Purchase and incidental revenue that is generated outside of these core services by shared services resources.

For management purposes the Group is divided into the four product groups, although these have been combined into outsourcing and consultancy as they share the same distribution and margin styles. The Group is monitored on both a product and territory split by management, with assets and liabilities being monitored on a Group basis.

The segments identified, although dependant on clients' demands which can be affected by peak holiday periods, are not materially impacted by seasonality. The segments have no infrastructure, assets or liabilities separately identified from the Group.

### (a) Segment income and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Outsourcing £m	Consulting £m	Other £m	Eliminations and adjustments £m	Discontinued operations £m	Consolidated £m
<b>For the period ended 30 June 2015</b>						
<b>Revenue</b>						
Third party	7,569	3,792	944	-	-	<b>12,305</b>
Inter-segment	-	-	-	-	-	-
<b>Total revenue</b>	<b>7,569</b>	<b>3,792</b>	<b>944</b>	<b>-</b>	<b>-</b>	<b>12,305</b>
Profit/(loss) on continuing operations before taxation	(133)	(228)	738	-	-	<b>377</b>
<b>For the period ended 30 June 2014 (re-stated)</b>						
<b>Revenue</b>						
Third party	7,922	2,376	1,201	-	-	11,499
Inter-segment	331	171	416	(918)	-	0
<b>Total revenue</b>	<b>8,253</b>	<b>2,547</b>	<b>1,617</b>	<b>(918)</b>	<b>-</b>	<b>11,499</b>
Profit/(loss) on continuing operations before taxation	183	(582)	711	(1,498)	-	(1,186)
Loss on discontinued operations	-	-	-	-	4,041	4,041

No adjustments are required for revenue recognition.

## 5. Segmental information continued

### (b) Geographical Information

Revenue is generated in a number of territories; the revenue is booked within the territory that is providing the resources to fulfil the contract.

	30 Jun 2015	30 Jun 2014
Revenue from external customers	£000's	£000's
United Kingdom	8,818	8,174
United States	2,420	2,303
Europe	692	794
Latin America	375	228
<b>Total revenue</b>	<b>12,305</b>	<b>11,499</b>

The following is a geographical analysis of the Group's non-current assets. Non-current assets for this purpose consist of property, plant and equipment, intangible assets and investments in associates.

	30 Jun 2015	30 Jun 2014
Location of non-current assets	£000's	£000's
United Kingdom	8,422	8,178
United States	9	-
Europe	234	260
<b>Total non-current assets</b>	<b>8,665</b>	<b>8,438</b>

## 6. Earnings per share

	30 Jun 2015	30 Jun 2014
	£000's	£000's
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share from continuing and discontinued operations being net profit/(loss) attributable to equity holders of the Group	377	2,862
Earnings for the purposes of basic earnings per share from continuing operations being net loss attributable to equity holders of the Group	377	(1,187)
Earnings for the purposes of basic earnings per share from discontinued operations being net profit attributable to equity holders of the Group	-	4,049
<b>Number of shares</b>	<b>30 Jun 2015</b>	<b>30 Jun 2014</b>
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	113,184,482	113,329,848
Effect of dilutive potential Ordinary Shares: Share options	6,500,000	3,228,816
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	119,684,482	116,558,664
	<b>30 Jun 2015</b>	<b>30 Jun 2014</b>
<b>Basic earnings per share</b>	<b>UK pence</b>	<b>UK pence</b>
<b>From continuing and discontinued operations</b>		
Basic: Ordinary Shares (pence per share)	0.33	2.47
Diluted: Ordinary Shares (pence per share)	0.32	2.40
<b>From continuing operations</b>		
Basic: Ordinary Shares (pence per share)	0.33	(1.06)
Diluted: Ordinary Shares (pence per share)	0.32	(1.06)
<b>From discontinued operations</b>		
Basic: Ordinary Shares (pence per share)	-	3.53
Diluted: Ordinary Shares (pence per share)	-	3.43

## 7. Assets and liabilities classified as held for sale

### Demerger of Tawa Associates Limited ("TAL")

On 20 December 2013 the Group announced its plan to demerge the Group's risk carrier business and the related assets were shown as held for sale at 31 December 2013. On 3 April 2014 the Group transferred these net assets by means of a dividend in specie, with the exception of CX Re's deferred asset, which has remained as held for sale and the transfer is progressing. As the economic rights of this asset have transferred to TAL a related liability is shown as due to TAL.

	30 Jun 2015		30 Jun 2014		
	CX Re £m	Total £m	HIR £m	CX Re £m	Total £m
<b>Net assets held for sale</b>					
<b>Assets</b>					
Deferred asset	18,344	<b>18,344</b>	-	29,717	<b>29,717</b>
Reinsurers' share of technical provisions	-	-	314	-	<b>314</b>
Loans and receivables including insurance receivables	-	-	2,069	-	<b>2,069</b>
Financial assets - investments	-	-	30,107	-	<b>30,107</b>
Cash and cash equivalents	-	-	3,527	-	<b>3,527</b>
<b>Total assets held for sale</b>	<b>18,344</b>	<b>18,344</b>	<b>36,017</b>	<b>29,717</b>	<b>65,734</b>
<b>Liabilities</b>					
Technical provisions	-	-	19,132	-	<b>19,132</b>
Creditors arising out of insurance operations	-	-	3,682	-	<b>3,682</b>
Other liabilities	18,344	<b>18,344</b>	11,299	29,717	<b>41,016</b>
<b>Total liabilities held for sale</b>	<b>18,344</b>	<b>18,344</b>	<b>34,113</b>	<b>29,717</b>	<b>63,830</b>
<b>Net assets held for sale</b>	<b>-</b>	<b>-</b>	<b>1,904</b>	<b>-</b>	<b>1,904</b>

## 8. Cash (used in)/generated from continuing operations

	30 Jun 2015 (unaudited)	30 Jun 2014 (unaudited)
	£000's	£000's
Profit/(Loss) for the period from continuing operations	(4)	(1,584)
Adjustments for:		
- depreciation	325	134
Investment Income in P&L	(220)	-
- share based payment expense	-	80
- amortisation of intangible asset	33	237
- other gains and losses	163	(796)
	<b>297</b>	<b>(1,929)</b>
<b>Change in operating assets and liabilities</b>		
Net increase/(decrease) in insurance receivables and liabilities	-	3,865
Net increase/(decrease) in loans and receivables	169	(8,230)
Net increase/(decrease) in other operating liabilities	(1,277)	425
<b>Cash (used in)/generated from operations</b>	<b>(811)</b>	<b>(5,869)</b>
Interest paid	(266)	(300)
Taxation paid	(44)	-
<b>Net cash (used in)/generated from operations</b>	<b>(1,121)</b>	<b>(6,169)</b>

## 9. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Tawa Associates Limited and its subsidiaries are considered related parties as both the entity and the Group have the same ultimate parent.

### Trading transactions

Two of the Company's subsidiaries Pro Insurance Solutions Ltd and Pro IS, Inc provide insurance run-off management services to Tawa Associates Limited and its subsidiaries. On 3 April 2014 associate CX Reinsurance Company Limited was transferred to Tawa Associates Limited.

Run-off management revenue is provided on a negotiated fee basis. Run-off management expenses are recharged at cost by Pro Insurance Solutions Ltd and Pro IS, Inc.

During the period Group companies entered into the following transactions with related parties who are not members of the Group:

	30 Jun 2015	30 Jun 2014
	£000's	£000's
<b>Revenue</b>		
Tawa Associates Limited, and its subsidiaries below	84	67
Amberley Alternative Assets Limited	4	65
Island Capital Limited	47	49
Pocono Holdings Limited	1	1
Q360 Limited	5	4
Tawa Management Limited	8	-
PXRE Reinsurance Company	185	185
Lodestar Marine Limited	319	206
Associate CX Reinsurance Company Limited	1,403	1,022
Associate QX Reinsurance Company Ltd	1	1
<b>Total revenue with related parties</b>	<b>2,057</b>	<b>1,598</b>
<b>Recharged expenses</b>		
Tawa Associates Limited, and its subsidiaries below	-	390
Island Capital	-	(11)
Lincoln General	-	3
Pocono Holdings	-	2
PX Re	-	15
Tawa Management (Bermuda)	-	1
WT Holdings	-	11
Q360 Limited	11	233
Lodestar Marine Limited	-	516
Associate CX Reinsurance Company Limited	-	17
Associate QX Reinsurance Company Ltd	-	(46)
<b>Total expenses with related parties</b>	<b>11</b>	<b>1,130</b>

At the period end, the following balances with related parties who are not members of the Group were outstanding:

	30 Jun 2015	30 Jun 2014
	£000's	£000's
Tawa Associates Limited, and its subsidiaries below	(16)	(3,268)
Amberley Alternative Assets Limited	26	77
Island Capital	32	37
Lodestar	-	48
PX Re	16	(22)
Q360	-	44
Tawa Associates	-	(17)
Tawa Management (Bermuda)	-	1
WT Holdings	-	16
Pocono Holdings Limited	-	(70)
Tawa Management Limited	-	(139)
Associate CX Reinsurance Company Limited	197	315
Associate QX Reinsurance Company Ltd	-	(15)
<b>Total outstanding balances with related parties</b>	<b>255</b>	<b>(2,994)</b>

## 9. Related party transactions continued

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### Key management personnel

The Group considers its key management personnel to include its Executive and Non-Executive Directors and those members of management reporting directly to its Board that have executive management responsibility for Group-wide operations.

### Remuneration of key management personnel

The remuneration of key management included in the income statement is set out below:

	30 Jun 2015	30 Jun 2014
	£m	£m
Short-term employee benefits	956	1,055
Post-employment benefits	66	82
Share based payments	-	-
<b>Total management remuneration</b>	<b>1,022</b>	<b>1,137</b>

### Immediate and ultimate parent company

The immediate and ultimate parent company is Financière Pinault S.C.A., a Société en commandite par actions incorporated in France. The Pinault family members are, in the opinion of the Directors, the ultimate controlling parties of the Company. The group financial statements of Financière Pinault S.C.A. may be obtained from the Tribunal de Commerce de Paris, 1 Quai de Corse, 75004 Paris, France.

## 10. Contingent liabilities

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At 30 June 2015 the Group did not have any contingent liabilities

## 11. Events after reporting period

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On 22nd July 2015 Asta's Board of Directors approved the repurchase of 27.3% of the preference shares resulting in a £1.5 million redemption payment to Pro which was received on August 7th 2015, of which £1 million will be used to reduce group debt. This reduces Pro's preference share holding in Asta to £4 million.



# Independent review report to Pro Global Insurance Solutions plc

We have been engaged by Pro Global Insurance Solutions plc to review the condensed set of consolidated financial statements in the interim report for the six months ended 30 June 2015 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 13. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

## Respective responsibilities of Directors and auditor

The interim report, including the condensed set of consolidated financial statements contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the AIM Rules issued by the London Stock Exchange, which require that the interim report be prepared and presented in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. As disclosed in note 2, the condensed set of consolidated financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the interim report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules issued by the London Stock Exchange.

## Mazars LLP

Chartered Accountants  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

23 September 2015

## Notes:

(a) The maintenance and integrity of the Pro Global Insurance Solutions web site is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

# Pro Global Insurance Solutions plc Company information

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## Directors

**Tim Carroll**  
Independent Non-Executive Chairman

**Artur Niemczewski**  
Chief Executive Officer

**Gilles Erulin**  
Non-Executive Director

**Loïc Brivezac**  
Non-Executive Director

## Registered Office

Walsingham House  
35 Seething Lane  
London EC3N 4AH

## Company registration number

4200676

## Secretary

Michael Dalzell

## Nominated Advisor and Broker

Peel Hunt Ltd  
120 London Wall  
London EC2Y 5ET

## Auditor

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

## Solicitors

DLA Piper UK LLP  
3 Noble Street  
London EC2V 7EE

## Principal Bankers

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1 Churchill Place  
Canary Wharf  
London E14 5HP

## Registrars

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZY