SANDELL HOLDINGS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITOR'S REPORT THEREON)

FOR THE PERIOD FROM

DECEMBER 18, 2014 (date of incorporation) TO

DECEMBER 31, 2015

CONTENTS

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Independent Auditor's Report

The Board of Directors
Sandell Holdings Ltd.

We have audited the accompanying consolidated financial statements of Sandell Holdings Ltd. and its subsidiary, which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the period December 18, 2014 (date of incorporation) to December 31, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 referred to above present fairly in all material respects, the financial position of Sandell Holdings Ltd. and its subsidiary as of December 31, 2015, and the results of their operations and their cash flows for the period December 18, 2014 (date of incorporation) to December 31, 2015 in accordance with U.S. generally accepted accounting principles.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
May 12, 2016

SANDELL HOLDINGS LTD.
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2015
(Expressed in United States Dollars)

	Note	December 31 2015 $
ASSETS:		
Cash and cash equivalents	3	15,012,178
Restricted cash and cash equivalents	4	21,065,610
Investments in marketable securities	3,4,5,7	20,067,308
Derivative assets, at fair value	6,7	491,109
Reinsurance balances receivable		11,796,771
Funds held by ceding companies		7,819,967
Deferred acquisition costs		47,765
Prepaid expenses and other assets		44,072
Total assets		76,344,780
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES		
Unearned premium		1,313,824
Losses and loss adjustment expenses	8	18,710,203
Reinsurance balances payable		2,457,673
Securities sold short	7	3,136,428
Derivative liabilities, at fair value	6,7	415,679
Accounts payable and accrued expenses		147,980
Total liabilities		26,181,787
SHAREHOLDERS' EQUITY		
Share capital	10	5,038
Additional paid-in capital	11	49,994,962
Retained earnings		162,993
Total shareholders' equity	12	50,162,993
Total liabilities and shareholders' equity		76,344,780

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

DIRECTOR

DIRECTOR

SANDELL HOLDINGS LTD.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIOD FROM DECEMBER 18, 2014 (date of incorporation) TO DECEMBER 31, 2015
(Expressed in United States Dollars)

	Note	December 31 2015 $
UNDERWRITING INCOME:		
Gross premium written		23,423,183
Change in unearned premium		(1,313,824)
Premium earned		22,109,359
UNDERWRITING EXPENSES:		
Losses and loss adjustment expenses incurred	8	20,658,825
Acquisition costs		906,436
Commissions		1,012,617
Total underwriting expenses		22,577,878
NET UNDERWRITING LOSS		(468,519)
OTHER INCOME AND EXPENSES:		
Investment income, net	5	1,119,946
General and administrative expenses	9	(488,434)
Total other income and expenses		631,512
NET INCOME		162,993

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

SANDELL HOLDINGS LTD.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM DECEMBER 18, 2014 (date of incorporation) TO DECEMBER 31, 2015
(Expressed in United States Dollars)

	Share Capital $	Additional Paid-in Capital $	Retained Earnings $	Totals $
Issue of Shares	5,038	-	-	5,038
Additional Paid in Capital	-	49,994,962	-	49,994,962
Net income for the period	-	-	162,993	162,993
Shareholders' equity – December 31, 2015	5,038	49,994,962	162,993	50,162,993

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

SANDELL HOLDINGS LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD FROM DECEMBER 18, 2014 (date of incorporation) TO DECEMBER 31, 2015
(Expressed in United States Dollars)

	December 31 2015 $
OPERATING ACTIVITIES:	
Net income from operations	162,993
Adjustments to reconcile net income from operations to cash used in operating activities:	
Net gain on investments	(913,953)
Net changes in non-cash balances relating to operations:	
Restricted cash and cash equivalents	(21,065,610)
Reinsurance balances receivable	(11,796,771)
Funds held by ceding companies	(7,819,967)
Deferred acquisition costs	(47,765)
Prepaid expenses and other assets	(44,072)
Unearned premium	1,313,824
Losses and loss adjustment expenses	18,710,203
Reinsurance balances payable	2,457,673
Accounts payable and accrued expenses	147,980
Cash and cash equivalents used in operating activities	(18,895,465)
INVESTING ACTIVITIES:	
Purchase of investments	(53,103,504)
Proceeds from sale of investments	37,011,147
Cash and cash equivalents applied to investing activities	(16,092,357)
FINANCING ACTIVITIES:	
Proceeds on issuance of shares	50,000,000
Cash and cash equivalents provided by financing activities	50,000,000
Increase in cash and cash equivalents for the period	15,012,178
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	15,012,178

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

1. Nature of the business

Sandell Holdings Ltd. (the "Company"), was incorporated under the laws of Bermuda on December 18, 2014 and through its wholly-owned Bermuda domiciled subsidiary, Sandell Re Ltd., (the "Subsidiary") carries on reinsurance business, assuming risks from a number of international insurance markets. The Subsidiary is licensed as a Class 3A reinsurer pursuant to The Insurance Act 1978 ("the Act") and is also registered as a Segregated Accounts Company under The Segregated Accounts Companies Act 2000. The Company is managed and has its principal place of business in Bermuda.

The Subsidiary is part of a panel of participating reinsurers supported by and providing reinsurance to Multi Strat Re Ltd. ("MSRe"), a related party, for all classes of property and casualty business.

MSRe, is licensed as a Class 3A insurer under the Act and provides reinsurance for captives, insurance and reinsurance companies, managing general agencies, risk retention groups, run-off companies, and other insurance-related companies requiring surplus relief, risk capacity, and risk protection by assuming low loss volatility loss portfolio transfers and capped quota share business through multiple sources.

The Subsidiary and each of the other participating reinsurers have entered into: i) a Master Services Agreement with MSRe whereby MSRe provides certain underwriting and administrative services to the Subsidiary, and ii) a Quota Share Retrocession Agreement whereby the Subsidiary agrees to assume a quota share percentage of the business written by MSRe. Under the terms of its license, currently the Subsidiary cannot write non-MSRe business without the prior approval of the Bermuda Monetary Authority.

2. Significant of Significant Accounting Policies

The accompanying Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.GAAP"), and are denominated in U.S. dollars. These Consolidated Financial Statements include the results of the Company and its wholly-owned Subsidiary. Intercompany accounts and transactions have been eliminated on consolidation. The following are the significant accounting policies adopted by the Company:

Use of estimates

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

All estimates are subjective in nature and could materially influence the financial statements. Accordingly, management makes these estimates and assessments on an ongoing basis according to past experience and various factors that are deemed reasonable and which constitute the basis for these assessments. The amounts shown in the Company's future financial statements are likely to differ from these estimates in accordance with changes in assumptions or different conditions. It is believed that the estimates utilized in preparing these Consolidated Financial Statements are reasonable; however, actual results could differ from these estimates and such differences could be material.

The principal significant estimates made by the Company's management primarily affect the provision for losses and loss adjustment expenses and fair value of investments.

2. Significant Accounting Policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with a maturity of three months or less at the date of purchase. The carrying value approximates fair value because of the short-term nature and high liquidity of these assets. Restricted cash and cash equivalents are separately reported in the Consolidated Balance Sheet at December 31, 2015. Changes in restricted cash and cash equivalents are reported as an operating activity in the Statement of Cash flows for the period ended December 31, 2015.

Investments in securities

The Company's investments are classified as "held for trading" under the definition included in Accounting Standards Board ("ASC") 320-10, "Accounting for Certain Investments in Debt and Equity Securities. Realized and unrealized gains and losses are included in the Consolidated Statement of Operations. Security transactions are accounted for on a trade-date basis with investment purchases and sales pending settlement accrued in the Consolidated Balance Sheet.

Derivative financial instruments

Derivative financial instruments include swaps at fair value. They derive their value from the underlying instrument and are subject to the same risks as that underlying instrument, including liquidity, credit, and market risk. Estimated fair values are based on exchange or broker-dealer quotations. Changes in the estimated fair value of instruments that do not qualify for hedge accounting are recognized in current period income. The Company does not hold any derivatives classified as hedging instruments.

Derivative financial assets and liabilities are offset and the net amount is reported in the Consolidated Balance Sheet only to the extent there is a legally enforceable right of offset and there is an intention to settle on a net basis, or to realize the assets and liabilities simultaneously. Derivative financial assets and liabilities are derecognized when the Company has transferred substantially all of the risks and rewards of ownership or the liability is discharged, cancelled, or expired.

Securities sold short

The Company may sell a security it does not own in anticipation of a decline in the fair value of that security. The Company must borrow the security or enter into an arrangement to borrow the security before the Company sells a security short. The Company is required to maintain collateral with the broker-dealer from which the security was borrowed. A gain, limited to the price at which the Company sold the security short, or a loss, unlimited in size, will be recognized upon the termination of a short sale. The Company is also subject to the risk that it may be unable to reacquire a security to close a short position except at a price substantially in excess of the last quoted price. Realized and unrealized gains and losses arising from short sales are recorded within Investment income in the Consolidated Statement of Operations. Securities sold short are recorded as liabilities in the Balance Sheet at fair value.

2. Significant Accounting Policies *(continued)*

Fair Value – Definition and Hierarchy

The Company's investments are classified as "held for trading" under the definition included in Accounting Standards Board ("ASC") 320-10, "Accounting for Certain Investments in Debt and Equity Securities. The Company's investment portfolio is reported at fair value based on market prices quoted on the relevant exchange or net asset values per share of each fund at the measurement date, with unrealized gains and losses included in net income. Realized gains or losses on sales of investments are determined on a specific identification basis.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially and full term of the asset or liability.

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

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

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

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

Foreign currency

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

2. Significant Accounting Policies *(continued)*

Revenue recognition and acquisition costs

Insurance premiums for prospective reinsurance contracts are earned over the loss exposure or coverage period of the underlying policies. Premiums for retroactive reinsurance policies are earned at the inception of the contracts, as all of the underlying loss events covered by the underlying policies occurred in the past. Any underwriting profit at inception related to retroactive exposures in a reinsurance contract is deferred and recognized over the estimated future payout period of the losses and loss adjustment expense reserves. Any underwriting loss at inception related to retroactive exposures in a reinsurance contract is recognized immediately. Premium adjustments are recorded in the periods in which they become known. Commissions and other costs incurred on the acquisition of new and renewal business are deferred and amortized over the terms of the policies or contracts of reinsurance to which they relate. The method followed in determining the deferred acquisition costs limits the amount of deferral to its realizable value by giving consideration to losses and expenses expected to be incurred as premiums are earned and also considers anticipated investment income.

Losses and loss adjustment expenses

Losses and loss expenses paid are recorded when advised by ceding companies. The liability for loss and loss expense provisions includes an amount determined from loss reports and individual cases and an amount based on the recommendations of an independent actuary using the past loss experience and industry loss development factors, for losses incurred but not reported ("IBNR"). These estimates are continually reviewed and are necessarily subject to the impact of future changes in such factors as claims severity and frequency. While management believes that the amount is adequate, the ultimate liability is subject to inherent uncertainty given the nature of the reinsurance coverage in place and may be materially in excess of, or less than, the amounts provided and any adjustments will be reflected in the periods in which they become known.

Taxation

Under current Bermuda Law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of such taxes being imposed, the Company will be exempted from taxation until the year 2035. However, certain U.S dividend income and interest income may be subject to a maximum 30% withholding tax. Further, certain U.S dividend income may be subject to a tax at a prevailing treaty or standard withholding rates with applicable country or local jurisdiction.

Accounting Standards Not Yet Adopted

<u>*Revenue from Contracts with Customers*</u>

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

2. Significant Accounting Policies *(continued)*

Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern

In August 2014, the FASB issued Accounting Standards Update 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). Currently, there is no guidance under U.S. GAAP regarding management's responsibility to assess whether there is substantial doubt about an entity's ability to continue as a going concern. Under ASU 2014-15, the Company will be required to assess its ability to continue as a going concern each interim and annual reporting period and provide certain disclosures if there is substantial doubt about the entity's ability to continue as a going concern, including management's plan to alleviate the substantial doubt. ASU 2014-15 is effective for the year ended December 31, 2016 and early adoption is permitted. The Company is currently assessing the impact the adoption of ASU 2014-15 will have on future financial statements and related disclosures.

The Company has determined that all other recently issued pronouncements do not apply to its operations.

3. Concentration of credit risk

As of December 31, 2015 cash and cash equivalents are held with three international financial institutions. As of December 31, 2015 all of the Company's investment portfolio is held by three large internationally recognized prime brokers. The Company believes that there are no significant concentrations of credit risk associated with its investments in any issuer or market.

4. Restricted cash and cash equivalents

The Company has arranged letter of credits of $1,474,923 at December 31, 2015 to secure liabilities pursuant to the Quota Share Retrocession Agreement with MSRe. Cash and deposits equal to this amount are restricted as collateral for this letter of credit. The Company has also provided its ceding companies with insurance trusts held by Bank of New York Mellon, with cash and deposits amounting to $4,480,687. The Company also had collateral amounts pledged under prime brokerage agreements of $10,080,000 and $5,030,000.

5. Investments in marketable securities

The fair value of investments by security type as of December 31, 2015 are as follows:

	2015
	$
Equity securities	17,688,790
Loans	2,378,518
Total	20,067,308

5. Investments in marketable securities *(continued)*

Investment income within the Consolidated Statement of Operations for the period ended December 31, 2015 consisted of the following:

	2015
	$
Interest income	81,357
Dividend income	124,636
Net realized gains on investments	322,720
Net realized gains on derivatives	306,056
Net unrealized gains on investments	209,746
Net unrealized gains on derivatives	75,431
Net investment income	1,119,946

6. Derivative financial instruments

The following tables identify the listing currency, fair value and notional amounts of derivative instruments included in the Consolidated Balance Sheet. Balances are presented on a gross basis as of December 31, 2015:

	Listing currency	Notional amount of underlying instruments	Fair value of net assets on derivatives
Derivative assets		$	$
Swaps	USD/GBP/AUD/EUR	42,362,114	491,009

	Listing currency	Notional amount of underlying instruments	Fair value of net liabilities on derivatives
Derivative liabilities		$	$
Swaps	USD/GBP/AUD/EUR	8,991,008	415,679

The absolute notional exposure represents the Companies derivative activity as of December 31, 2015, which is representative of the volume of derivatives held during the period.

7. Fair value of financial instruments

As December 31, 2015, financial instruments at fair value, categorized by their respective valuation levels, were as follows:

Assets (at fair value)

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Equity securities	17,688,790	-	-	17,688,790
Loans	-	2,378,518	-	2,378,518
Total investments in marketable securities	17,688,790	2,378,518	-	20,067,308
Derivative assets	491,109	-	-	491,109
Total Assets	**18,179,899**	**2,378,518**	**-**	**20,558,417**

Liabilities (at fair value)

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Equity securities sold short	3,136,428	-	-	3,136,428
Derivative liabilities	415,679	-	-	415,679
Total Liabilities	**3,552,107**	**-**	**-**	**3,552,107**

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

Restricted cash and cash equivalents and cash and cash equivalents: The carrying amounts reported in the statement of financial position for these instruments approximate their fair values.

Other assets and liabilities: The fair value of reinsurance balances receivable, accounts payable and accrued expenses, approximates their carrying value due to their relative short term nature.

The estimates of fair values presented herein are subjective in nature and are not necessarily indicative of the amounts that the Company would actually realize in a current market exchange. However, any differences would not be expected to be material. Certain instruments such as deferred acquisition costs, prepaid expenses, other assets, unearned premiums, outstanding losses and loss expenses and deposit liabilities are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine underlying economic value of the Company.

8. Losses and Loss Adjustment Expenses

The liability for losses and loss adjustment expenses comprises:

	2015
	$
Outstanding losses	5,994,871
Losses incurred but not reported	12,715,332
	18,710,203

Activity in the liability for losses and loss adjustment expenses comprises:

	2015
	$
Gross and Net Balance, beginning of period	-
Incurred losses related to:	
Current year	8,355,116
Prior years	12,303,709
Total incurred	20,658,825
Paid losses related to:	
Current year	(693,992)
Prior years	(1,254,630)
Total paid	(1,948,622)
Gross and Net Balance, end of period	18,710,203

Management believes that the assumptions used establishing its provision for loss and loss adjustment expenses represent a realistic and appropriate basis for estimating those reserves as of December 31, 2015. However, these assumptions are subject to change and the Company continually reviews and adjusts its reserve estimates taking into account all currently known information and updated assumptions related to unknown information. While management believes it has made a reasonable estimate of loss expenses occurring up to the balance sheet date, the ultimate costs of claims incurred could exceed the Company's reserves and have a materially adverse effect on its future results of operations and financial condition. The current year incurred losses of $8,355,116 relate to case reserves of $2,562,491, and the establishment of IBNR of $5,792,625. The incurred losses for prior year claims of $12,303,709 in the period ended December 31, 2015 relate to retroactive insurance contracts written during the period ended December 31, 2015.

9. Related Parties

The Company entered into an investment management agreement with Sandell Asset Management Corp., ("SAMC") a related party, for the latter to provide various investment management services. No investment management fees were paid to SAMC during the period ended December 31, 2015.

The Company is responsible for paying its own expenses as well as certain expenses of the Investment Manager allowable under the Investment Management Agreement. These allowed expenses may include, but are not limited to, costs associated with rent, insurance, IT support, accounting and auditing costs, legal fees and the Investment Manager's back-office personnel including accounting, legal, compliance, investor relations and administrative personnel. During the period ended December 31, 2015, $165,174 was reimbursed or due to be reimbursed by the Company to the Investment Manager for these expenses and is included in "General and administrative expenses" on the Consolidated Statement of Operations.

10. Share Capital

	2015 $
Authorized	
11,500,000 common shares of par value of $0.001 each	11,500
500,000 Class A shares of par value of $0.001 each	500
	12,000
Issued and fully paid:	
Class A shares	
Balance, beginning of period	-
Issued during the period 120,000 shares of par value of $0.001 each	120
Balance, end of period	120
Common shares	
Balance, beginning of period	-
Issued during the period 4,917,540 shares of par value of $0.001 each	4,918
Balance, end of period	4,918
Total issued and fully paid share capital	5,038

All classes of shares rank pari passu except in the event of liquidation upon which Class A shares rank senior to all other classes.

11. Additional paid in capital

During the period ended December 31, 2015 amounts totaling $49,994,962 were provided to the Company by its shareholders as additional paid-in capital.

12. Statutory Requirements

As a registered insurance company under the Bermuda '*Insurance Act 1978 amendments thereto and related regulations*' ('the Act') the Subsidiary is required to prepare Statutory Financial Statements and to file a Statutory Financial Return annually (or as otherwise agreed, in certain circumstances). The Act also requires the Subsidiary to meet certain defined measures of solvency and liquidity. The statutory capital and surplus amounted to $50,093,080 as of December 31, 2015. The minimum statutory capital and surplus required by the Act for the Subsidiary's current operations amounted to $3,813,477 at December 31, 2015. (The principal difference between the Company's statutory capital and surplus and shareholder's equity as reported in conformity with generally accepted accounting principles relate to prepaid expenses and deferred acquisition costs, which are non-admitted assets under the Act).

13. Warrants

The Company may from time to time issue warrants to acquire common shares of the Company with a par value of $0.001 per common share to directors and consultants, at an exercise price of $10.00 per common share adjusted from time to time. During the period ended December 31, 2015, 245,877 warrants to acquire common shares of the Company with a par value of $0.001 per common share were issued to Multi-Strat Holdings Ltd. at an exercise price of $10.00 per common share.

14. Subsequent Events

The Company has evaluated known recognized and non-recognized subsequent events through May 12, 2016, the date the financial statements were available to be issued.