

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**

Condensed Interim Consolidated Financial Information  
For the six month period ended 30 June 2017

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**

**Condensed interim consolidated financial information  
For the six month period ended 30 June 2017**

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**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**

**Information about the Company**

**BOARD OF DIRECTORS**

Kamel Abunahl	Non-executive Chairman
Frixos Savvides	Deputy Chairman (Independent, non-executive)
Fadi AbuNahl	Member & Chief Executive Officer
Ferid Benbouzid	Member (independent, non-executive)
Bakary Kamara	Member (independent, non-executive)
Stavros Stavrou	Member (independent, non-executive)
Dr. Cherif Chentir	Member (independent, non-executive)
Fetoo Al Zayani	Member (independent, non-executive)
Dr. Kai-Uwe Schanz	Member (independent, non-executive)

**AUDIT COMMITTEE**

Stavros Stavrou	Chairman
Bakary Kamara	Member
Dr. Cherif Chentir	Member

**RISK COMMITTEE**

Bakary Kamara	Member
Stavros Stavrou	Member
Dr. Cherif Chentir	Member

**NOMINATION AND REMUNERATION COMMITTEE**

Frixos Savvides	Chairman
Kamel Abunahl	Member
Ferid Benbouzid	Member

**GENERAL MANAGEMENT**

Fadi AbuNahl	Group Chief Executive Officer
Mark Buisseret	Group Chief Risk Officer
Kamal Tabaja	Group Chief Operating Officer
Constantinos Hadjigeorgiou	Group Corporate Services Officer

**AUDITORS**

PricewaterhouseCoopers ME Limited  
P. O. Box 21144  
13th Floor, Jeera I Tower  
Seef District  
Kingdom of Bahrain



Independent auditor's review report to the Directors of  
**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**

**Introduction**

We have reviewed the accompanying condensed interim consolidated statement of financial position of Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re ("Trust Re" or the "Company") and its subsidiaries (together the "Group") as of 30 June 2017 and the related condensed interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. The Directors are responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as issued by the International Accounting Standard Board (IASB). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

**Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim consolidated financial information consists of making inquiries, 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 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 accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as issued by the IASB.

A handwritten signature in blue ink that reads "PricewaterhouseCoopers".

28 August 2017

Partner registration number: 201  
Manama, Kingdom of Bahrain

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Condensed interim consolidated statement of financial position**  
 (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Notes	As at	
		30 June 2017 <i>Unaudited</i>	31 December 2016 <i>Audited</i>
<b>ASSETS</b>			
Cash and bank balances	7	549,073	493,287
Investments		274,147	300,787
Investment in associate		5,375	5,740
Insurance and other receivables		494,421	373,196
Gross deferred acquisition costs		89,097	69,378
Reinsurers' share of technical reserves		524,828	358,471
Investment properties		38,318	38,305
Property and equipment		29,419	29,939
Intangible assets		285	309
<b>TOTAL ASSETS</b>		<b>2,004,963</b>	<b>1,669,412</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	250,000	250,000
Statutory reserve		33,578	33,578
Retained earnings		91,343	92,835
Cumulative changes in fair value reserve		50,911	81,385
Foreign currency translation reserve		(519)	(626)
Equity attributable to shareholders of the parent		425,313	457,172
Non-controlling interests		29,666	30,079
<b>Net equity</b>		<b>454,979</b>	<b>487,251</b>
<b>Liabilities</b>			
Technical reserves		1,204,698	924,269
Reinsurers' share of deferred acquisition costs		39,497	33,318
Reinsurance payables		27,996	19,123
Insurance and other payables		260,138	205,451
Bank overdraft		17,655	-
<b>Total liabilities</b>		<b>1,549,984</b>	<b>1,182,161</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,004,963</b>	<b>1,669,412</b>

  
 Kamel Abunahl  
 Chairman

  
 Fadi AbuNahl  
 Chief Executive Officer

The notes on pages 9 to 16 form an integral part of these condensed interim consolidated financial information.

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Condensed interim consolidated statement of income**  
 (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Six-month period ended 30 June	
	2017	2016
Notes	<i>Unaudited</i>	<i>Unaudited</i>
Gross premiums written	366,743	290,612
Premiums ceded	(129,364)	(91,948)
	<u>237,379</u>	<u>198,664</u>
Unearned premium adjustments	(83,433)	(65,201)
<b>Net earned premiums</b>	<u>153,946</u>	<u>133,463</u>
Gross claims paid	(99,208)	(96,947)
Recoveries on premiums ceded	31,683	29,454
Outstanding claims adjustments	(32,673)	(10,307)
<b>Claims and related expenses</b>	<u>(100,198)</u>	<u>(77,800)</u>
Commission income	19,125	15,445
Policy acquisition costs	(56,175)	(50,510)
Operating expenses	(14,017)	(12,032)
Other income charges	(23)	(2)
	<u>(51,090)</u>	<u>(47,099)</u>
<b>Underwriting profit</b>	2,658	8,564
Investment income - net	7,117	2,765
Share of loss of associate	(365)	-
Income from investment properties	43	204
General and administration expenses	(5,511)	(4,340)
Finance income	3,354	2,619
Foreign exchange gain	2,556	356
Other income - net	3,118	3,114
<b>Profit before tax</b>	<u>12,970</u>	<u>13,282</u>
Income tax	9 (475)	(129)
<b>PROFIT FOR THE PERIOD</b>	<u>12,495</u>	<u>13,153</u>
<b>Attributable to:</b>		
Shareholders of the parent	12,508	13,153
Non-controlling interests	(13)	-
	<u>12,495</u>	<u>13,153</u>

  
 Kamel Abunahl  
 Chairman

  
 Fadi AbuNahl  
 Chief Executive Officer

The notes on pages 9 to 16 form an integral part of these condensed interim consolidated financial information.

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Condensed interim consolidated statement of comprehensive income**  
 (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>Unaudited</i>	<i>Unaudited</i>
<b>Profit for the period</b>	<u>12,495</u>	<u>13,153</u>
<b>Other comprehensive (loss) income to be reclassified to interim consolidated statement of income in subsequent periods:</b>		
Available-for-sale investments:		
Fair value changes arising during the period	(31,566)	7,469
Transferred to interim consolidated statement of income on disposal/ impairment	<u>716</u>	<u>2,135</u>
Currency translation adjustments:	(30,850)	9,604
Currency translation adjustments arising during the period	<u>83</u>	<u>(271)</u>
<b>Net other comprehensive income (loss) to be reclassified to interim consolidated statement of income in subsequent periods</b>	<u>(30,767)</u>	<u>9,333</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>(18,272)</u>	<u>22,486</u>
<b>Attributable to:</b>		
Shareholders of the parent	(17,859)	22,486
Non-controlling interests	(413)	-
	<u>(18,272)</u>	<u>22,486</u>

The notes on pages 9 to 16 form an integral part of these condensed interim consolidated financial information.

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Condensed interim consolidated statement of changes in equity**  
 (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	<b>Attributable to shareholders of the parent</b>							
	Share capital	Statutory reserve	Retained earnings	Cumulative changes in fair value reserve	Foreign currency translation reserve	Total	Non - controlling interests	Total equity
Balance at 1 January 2017	250,000	33,578	92,835	81,385	(626)	457,172	30,079	487,251
Profit for the period	-	-	12,508	-	-	12,508	(13)	12,495
Other comprehensive loss	-	-	-	(30,474)	107	(30,367)	(400)	(30,767)
Total comprehensive income (loss)	-	-	12,508	(30,474)	107	(17,859)	(413)	(18,272)
Dividend paid	-	-	(14,000)	-	-	(14,000)	-	(14,000)
Balance at 30 June 2017	250,000	33,578	91,343	50,911	(519)	425,313	29,666	454,979
Balance at 1 January 2016 (Audited)	200,000	31,795	120,827	77,165	(201)	429,586	-	429,586
Profit for the period	-	-	13,153	-	-	13,153	-	13,153
Other comprehensive income	-	-	-	9,604	(271)	9,333	-	9,333
Total comprehensive income	-	-	13,153	9,604	(271)	22,486	-	22,486
Dividend paid	-	-	(15,000)	-	-	(15,000)	-	(15,000)
Balance at 30 June 2016 (Unaudited)	200,000	31,795	118,980	86,769	(472)	437,072	-	437,072

The notes on pages 9 to 16 form an integral part of these condensed interim consolidated financial information.



**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Condensed interim consolidated statement of cash flows**  
(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	<b>Six-month period ended</b>	
	<b>30 June</b>	
<b>Notes</b>	<b>2017</b>	<b>2016</b>
	<i>Unaudited</i>	<i>Unaudited</i>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	12,970	13,282
Adjustments for:		
Depreciation	910	308
Amortisation of intangible assets	39	9
Provision for bad debts - net	666	600
Impairment loss on available-for-sale investments	1,410	2,550
Gain on disposal of available-for-sale investments	(2,126)	(415)
Share of loss of associate	365	-
Accretion of discount on available-for-sale investments	-	(22)
Amortisation of premium on available-for-sale investments	245	593
Change in unearned premium	96,867	78,605
Change in reinsurers' share of unearned premium	(15,245)	(14,343)
Deferred acquisition costs - net	(13,540)	(5,566)
Operating profit before changes in operating assets and liabilities	82,561	75,601
Changes in operating assets and liabilities:		
Outstanding claims	183,561	16,383
Reinsurers' share of outstanding claims	(151,112)	(2,158)
Insurance and other receivables	(121,891)	(110,206)
Insurance and other payables	54,687	24,118
Reinsurance payables	8,873	(5,489)
Taxes paid	56,679	(1,751)
<b>Net cash generated from (used in) operating activities</b>	<b>56,204</b>	<b>(1,880)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of available-for-sale investments	(56,238)	(36,647)
Proceeds from sale of available-for-sale investments	52,448	28,752
Purchase of property and equipment	(366)	(477)
Bank deposits with maturity of more than three months	(140,478)	32,674
<b>Net cash (used in) generated from investing activities</b>	<b>(144,634)</b>	<b>24,302</b>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(14,000)	(15,000)
Bank Overdraft	17,655	-
<b>Net cash generated from (used in) investing activities</b>	<b>3,655</b>	<b>(15,000)</b>
Foreign currency translation adjustments	83	(271)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(84,692)</b>	<b>7,151</b>
Cash and cash equivalents at beginning of the period	472,999	433,646
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>388,307</b>	<b>440,797</b>

The notes on pages 9 to 16 form an integral part of these condensed interim consolidated financial information.

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Notes to the condensed interim consolidated financial information**  
 (All amounts expressed in thousands of United States Dollars unless otherwise stated)

**1. General information**

Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re ("Trust Re" or the "Company") is incorporated in the Kingdom of Bahrain under Commercial Registration Number 11503. The registered office of the Company is at Trust Tower, PO Box 10002, Building 125, Road 1702, Diplomatic Area 317, Manama, Kingdom of Bahrain. The Company is licensed as a reinsurance entity and is regulated by the Central Bank of Bahrain (the "CBB").

The Company and its subsidiaries (together the "Group") mainly provide reinsurance and related products and services to direct clients, insurance companies and others through insurance and reinsurance brokers through its network of offices in United Kingdom, Cyprus, Labuan, India and Morocco. Details of the Group's subsidiaries are further disclosed in Note 3.

The Group is 99.107% owned by Nest Investments (Holdings) Ltd (the "Parent"), incorporated in Jersey, Channel Islands.

This condensed interim consolidated financial information was authorised for issue by the Board of Directors on 28 August 2017.

**2. Basis of preparation**

This condensed interim consolidated financial information of the Group for the six month period ended 30 June 2017 has been prepared in accordance with IAS 34, 'Interim financial reporting'.

This condensed interim consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016. In addition, results for the six-month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

**3. Basis of consolidation**

This condensed interim consolidated financial information comprises the financial information of the Company and its subsidiaries after elimination of inter-company transactions and balances.

The following are the subsidiaries of the Group:

Name of the subsidiary	Country of incorporation	Effective ownership		Principal activity
		2017	2016	
Trust Underwriting Limited	United Kingdom	100%	100%	Corporate member of Lloyds of London
Texas International Underwriters Inc.	United States of America	100%	100%	Insurance agency
Ribera De Marbella S.L.	Spain	100%	100%	Service company
Afro Asian Assistance B.S.C. (c) Trust International Insurance and Reinsurance Company, Société Anonyme	Kingdom of Bahrain	100%	100%	Travel assistance
	Morocco	100%	100%	Liason office
Trust Insurance Management W.L.L.	Kingdom of Bahrain	100%	100%	Insurance Management
Oman Reinsurance Company S.A.O.C.	Sultanate of Oman	48.4%	48.4%	Reinsurance
Afro Asian Assistance Oman L.L.C.	Sultanate of Oman	100%	100%	Travel assistance

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Notes to the condensed interim consolidated financial information**  
(All amounts expressed in thousands of United States Dollars unless otherwise stated)

**4. Significant accounting policies**

The accounting policies adopted in the preparation of this condensed interim consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017.

*4.1 New standards, amendments and interpretations effective for the accounting period beginning on 1 January 2017*

The following amendments to existing standards and interpretations have been published and are effective for the financial year beginning on or after 1 January 2017:

- Amendment to IFRS 12 – 'Disclosures of interest in other entities' (effective 1 January 2017).
- Amendment to IAS 7 – 'Disclosure initiative' (effective 1 January 2017).
- Amendment to IAS 7 – 'Income taxes' (effective 1 January 2017).

There are no other IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2017.

*4.2 New standards, amendments and interpretations not effective for the accounting period beginning on 1 January 2017*

- IFRS 15 - 'Revenue from contracts with customers' (effective 1 January 2018).
- IFRS 9 - 'Financial instruments' (effective 1 January 2018).
- IFRS 16 - 'Leases' (effective 1 January 2019).
- IFRS 17 - 'Insurance contracts' (effective 1 January 2021).

There are no other applicable new standards and amendments to published standards or International Financial Reporting Interpretations Committee (IFRIC) interpretations that have been issued but are not effective for the first time for the Group's financial year beginning on 1 January 2017. Management is assessing the impact of the above standards on the Group.

**5. Financial risk management**

The Group's activities expose it to a variety of financial and other risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk, reinsurance risk and liquidity risk.

This condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements as at 31 December 2016.

There have been no changes in the risk management function since the year end or in any risk management policies.

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Notes to the condensed interim consolidated financial information**  
(All amounts expressed in thousands of United States Dollars unless otherwise stated)

**6 Financial Instruments**

Set out below is an overview of financial instruments, held by the Group as at 30 June 2017 and 31 December 2016:

<i>Unaudited</i>				
<b>At 30 June 2017</b>				
	<b>At fair value through income statement</b>	<b>Available- for-sale</b>	<b>Loans and receivables / amortised cost</b>	<b>Total</b>
Cash and bank balances	-	-	549,073	549,073
Available-for-sale investments	-	269,376	4,771	274,147
Insurance and other receivables (Excluding "prepayments")	-	-	160,692	160,692
Reinsurers' share of outstanding claims reserve - reported claims	-	-	336,258	336,258
	-	<b>269,376</b>	<b>1,050,794</b>	<b>1,320,170</b>
Outstanding claims reserve - reported claims	-	-	647,204	647,204
Reinsurance payables	-	-	27,996	27,996
Insurance and other payables	-	-	134,178	134,178
Bank overdraft	-	-	17,655	17,655
Foreign exchange forward contracts	722	-	-	722
	<b>722</b>	-	<b>827,033</b>	<b>827,755</b>
<i>Audited</i>				
<b>At 31 December 2016</b>				
	<b>At fair value through income statement</b>	<b>Available- for-sale</b>	<b>Loans and receivables / amortised cost</b>	<b>Total</b>
Cash and bank balances	-	-	493,287	493,287
Investments	-	295,165	5,622	300,787
Insurance and other receivables (Excluding "prepayments")	-	-	141,953	141,953
Reinsurers' share of outstanding claims reserve - reported claims	-	-	189,042	189,042
Forward foreign exchange contracts	-	-	-	-
	-	<b>295,165</b>	<b>829,904</b>	<b>1,125,069</b>
Outstanding claims reserve - reported claims	-	-	468,423	468,423
Reinsurance payables	-	-	19,123	19,123
Insurance and other payables	-	-	77,131	77,131
Forward foreign exchange contracts	70	-	-	70
	<b>70</b>	-	<b>564,677</b>	<b>564,747</b>

**6.1 Available-for-sale financial investments**

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Notes to the condensed interim consolidated financial information**  
(All amounts expressed in thousands of United States Dollars unless otherwise stated)

**6 Financial Instruments (continued)**

*6.1 Available-for-sale financial investments (continued)*

The Group identified an impairment of USD 1,410 thousand (2016: USD 2,550 thousand) on quoted equity securities, which was reclassified from other comprehensive income to investment income in the condensed interim consolidated statement of income.

*6.2 Risk management activities*

As a result of its international activities, the Group is exposed to foreign currency risk on its operations. In order to reduce this risk, the Group regularly determines its net exposure to the primary currencies (USD, GBP and EUR). The Group then enters into foreign currency forward contracts to mitigate those exposures. The Group decided not to designate the foreign currency forward contracts as hedge accounting relationships. Consequently, all changes in the fair values of such foreign currency forward contracts are recognised in the condensed interim consolidated statement of income.

*6.3 Fair value of financial instruments*

Except for investments of USD 1,272 thousand (2016: USD 1,272 thousand) carried at cost less impairment, the fair value of the Group and Company's financial instruments such as cash and bank balances, due from parent, outstanding claims reserve - reported claims (both gross and reinsurers' share), insurance and other receivables, reinsurance payables and insurance and other payables are not materially different from their carrying values largely due to the short term maturities of these instruments as shown in the condensed interim consolidated statement of financial position.

*6.4 Fair value hierarchy*

Fair value is 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.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; or other valuation models.

Derivatives are valued using valuation techniques with market observable inputs consisting of foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

**Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Notes to the condensed interim consolidated financial information**  
(All amounts expressed in thousands of United States Dollars unless otherwise stated)

**6 Financial Instruments (continued)**

**6.4 Fair value hierarchy (continued)**

	<i>Unaudited</i>		
	<b>At 30 June 2017</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investment properties	-	38,318	38,318
Property and equipment (Land and building only)	-	27,442	27,442
Available-for-sale investments			
<i>Equities</i>			
Financial services	116,834	-	116,834
Others	24,135	-	24,135
<i>Debts</i>			
Financial services	63,388	-	63,388
Government	10,842	-	10,842
Energy	11,858	-	11,858
Basic material	3,693	-	3,693
Communication	6,656	-	6,656
Consumer	10,728	-	10,728
Utilities	8,679	-	8,679
Industrial	5,812	-	5,812
Others	6,752	-	6,752
	<b>269,377</b>	<b>65,760</b>	<b>335,137</b>
	<i>Audited</i>		
	<b>At 31 December 2016</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investment properties	-	38,305	38,305
Property and equipment (Land and building only)	-	27,843	27,843
Available-for-sale investments			
<i>Equities</i>			
Financial services	141,674	2,155	143,829
Others	22,609	-	22,609
<i>Debts</i>			
Financial services	62,144	-	62,144
Government	10,733	-	10,733
Energy	9,218	-	9,218
Basic material	4,295	-	4,295
Communication	4,914	-	4,914
Consumer	11,083	-	11,083
Utilities	8,522	-	8,522
Industrial	6,287	-	6,287
Others	10,259	-	10,259
	<b>291,738</b>	<b>68,303</b>	<b>360,041</b>

Unquoted equities classified as available-for-sale amounted to USD 1,272 thousand (2016: USD 1,272 thousand) and are carried at cost due to their illiquid nature and accordingly are not included in the fair value measurement hierarchy table above.

Date of valuation was 30 June 2017 for current period and 31 December 2016 for the comparative period.

None of the Group's financial instruments carried at fair value at 30 June 2017 qualify under Level 3 of the fair value hierarchy.

During the period ended 30 June 2017, there were no transfers between Level 1 and Level 2 fair value hierarchies.

The Group does not have any financial liability at fair value through profit and loss except for negative fair value of forward contract. These liabilities fall under level 2 under fair value hierarchy. The fair values are disclosed in note 12.

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Notes to the condensed interim consolidated financial information**  
 (All amounts expressed in thousands of United States Dollars unless otherwise stated)

**7. Cash and balances with banks**

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>Unaudited</i>	<i>Audited</i>
Cash in hand	40	36
Cash at bank	388,267	472,963
Cash and cash equivalents	<u>388,307</u>	<u>472,999</u>
Statutory deposits	398	398
Deposits with banks with maturity of more than 3 months	<u>160,368</u>	<u>19,890</u>
	<u>549,073</u>	<u>493,287</u>

**8. Share capital**

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>Unaudited</i>	<i>Audited</i>
<b>Authorised:</b>		
5,000,000 shares of USD100 each	<u>500,000</u>	<u>500,000</u>
<b>Issued and fully paid up:</b>		
2,500,000 shares of USD100 each	<u>250,000</u>	<u>250,000</u>

**9. Income tax**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

The major components of income tax expense in the condensed interim consolidated statement of income are:

	<b>Six months period ended</b>	
	<b>30 June</b>	
	<i>Unaudited</i>	<i>Unaudited</i>
	<b>2017</b>	<b>2016</b>
Current income tax expense	(416)	(6)
Deferred income tax expense related to origination and reversal of deferred taxes	<u>(59)</u>	<u>(123)</u>
	<u>(475)</u>	<u>(129)</u>

**Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re**  
**Notes to the condensed interim consolidated financial information**  
 (All amounts expressed in thousands of United States Dollars unless otherwise stated)

**10. Transactions and balances with related parties**

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions.

**10.1 Transactions with related parties**

	Six months period ended			
	30 June 2017		30 June 2016	
	<i>Unaudited</i>			
	Entities related to Shareholders		Entities related to shareholders	
Gross premiums written	-	1,226	-	2,052
Gross claims paid	-	73	-	1,053
Policy acquisition costs	-	246	-	434

Expenses included USD 1,000 thousand (2016: USD 670 thousand) in respect of management fees paid to a shareholder.

**10.2 Balances with related parties**

	30 June 2017		31 December 2016	
	<i>Unaudited</i>		<i>Audited</i>	
	Entities related to Shareholders		Entities related to shareholders	
Insurance and other receivables	-	31,784	-	37,780
Insurance and other payables	13,469	720	2,720	5,292

**10.3 Loans to related parties**

The following table provides the loans outstanding from related parties as at 30 June 2017 and 31 December 2016, as well as the interest received during the six months ended 30 June 2017 and 2016:

	30 June 2017	31 December 2016
	<i>Unaudited</i>	<i>Audited</i>
Amounts owed by a related party	309	1,137

This represents medium-term loan disbursed to Trust International Insurance Company (Cyprus) Limited on 1 April 2014 with an original maturity period of seven years. The loan carries a variable interest rate of 3 months EURIBOR plus 5% per annum and it is secured against property.

	Six months period ended	
	30 June	
	<i>Unaudited</i>	
	2017	2016
Interest received	26	58



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**10. Transactions and balances with related parties (continued)**

**10.4 Key management compensation**

The remuneration of directors and key management personnel during the period was as follows:

	<b>Six months period ended</b>	
	<b>30 June</b>	
	<i>Unaudited</i>	
	<b>2017</b>	<b>2016</b>
Directors' remuneration	120	120
Salaries and benefits	520	530
End of service benefits	31	34
	<u>671</u>	<u>684</u>

**11. Contingent liabilities**

The Group has provided guarantees as follows:

- 11.1** Guarantee amounting to approximately USD 1,021 thousand (Euro 900 thousand) [Dec 2016: USD 948 thousand (Euro 900 thousand)] as a statutory requirement by Superintendent of Insurance in Cyprus in respect of its Cyprus branch.
- 11.2** Guarantee amounting to approximately USD 12,782 thousand (Pound Sterling 9,974 thousand) [Dec 2016: USD 12,215 thousand (GBP 9,974 thousand)] in favour of The Society & Council of Lloyds under reinsurance contract entered into by the Group.
- 11.3** Guarantee amounting to approximately USD 11,822 thousand (Pound Sterling 9,225 thousand) [Dec 2016: USD 9,339 thousand (Pound Sterling 7,625 thousand)] in favour of The Society & Council of Lloyds on behalf of a subsidiary.

All guarantees are secured against the bank deposits of the Group and certain assets of the Parent.

**12. Derivatives**

The Group entered into following derivatives:

	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Notional amounts by term to maturity</b>		
			<b>Notional amount Total</b>	<b>Within 3 months</b>	<b>3 - 12 months</b>
<b>30 June 2017</b>					
Forward foreign exchange contracts	-	722	13,778	13,778	-
<b>31 December 2016</b>					
Forward foreign exchange contracts	-	70	15,273	15,273	-

The Group uses forward currency contracts to manage its currency exposure denominated in Euro. These currency forward contracts are not designated as cash flow, fair value or net investment in foreign operations hedges and are entered into for periods consistent with currency transaction exposures.

Forward foreign exchange contracts are contractual agreements to either buy or sell a specified currency, at a specific price and date in the future, and are customised contracts transacted in the over-the-counter market.