

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

Condensed Interim Consolidated Financial Information  
For the six month period ended 30 June 2016

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

**Condensed interim consolidated financial information  
For the six month period ended 30 June 2016**

**Table of contents**

	<b>Pages</b>
Information about the Company	2
Independent auditor's review report	3
Condensed interim consolidated statement of financial position	4
Condensed interim consolidated statement of income	5
Condensed interim consolidated statement of comprehensive income	6
Condensed interim consolidated statement of changes in equity	7
Condensed interim consolidated statement of cash flows	8
Notes to the condensed interim consolidated financial information	9-16

## **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
Ghazi Abunahl	Member (Shareholder representative)
Mehran Eftekhari	Member & Board Secretary (Shareholder representative)
Prof. Derek Atkins	Member (independent, non-executive)
Ferid Benbouzid	Member (independent, non-executive)
Bakary Kamara	Member (independent, non-executive)
Stavros Stavrou	Member (independent, non-executive)

#### **AUDIT COMMITTEE**

Stavros Stavrou	Chairman
Prof. Derek Atkins	Member
Mehran Eftekhari	Member
Bakary Kamara	Member

#### **RISK COMMITTEE**

Prof. Derek Atkins	Chairman
Bakary Kamara	Member
Mehran Eftekhari	Member
Stavros Stavrou	Member

#### **NOMINATION AND REMUNERATION COMMITTEE**

Frixos Savvides	Chairman
Ghazi Abunahl	Member
Kamel Abunahl	Member
Ferid Benbouzid	Member

#### **GENERAL MANAGEMENT**

Fadi AbuNahl	Group Chief Executive Officer
Romel Tabaja	Group Deputy Chief Executive Officer
Mark Buisseret	Group Chief Risk Officer
Kamal Tabaja	Group Chief Operating Officer

#### **AUDITORS**

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



Independence auditor's review report to the Shareholders of  
**Trust International Insurance and 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 and Reinsurance Company B.S.C. (c) Trust Re (the "Company") and its subsidiaries (together the "Group") as of 30 June 2016 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 Standards 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 IASB.

*PricewaterhouseCoopers*

29 August 2016


Partner registration number: 157  
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)

		As at	
	Notes	30 June 2016 <i>Unaudited</i>	31 December 2015 <i>Audited</i>
<b>ASSETS</b>			
Cash and balances with banks	7	442,517	468,040
Available-for-sale investments		295,811	281,018
Investment in associate		5,697	5,697
Insurance and other receivables		407,915	298,309
Deferred policy acquisition costs		64,724	53,535
Reinsurance assets		313,016	296,515
Investment properties		18,786	18,786
Property and equipment		3,680	3,511
Intangible assets		8	17
<b>TOTAL ASSETS</b>		<b>1,552,154</b>	<b>1,425,428</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	200,000	200,000
Statutory reserve		31,795	31,795
Retained earnings		118,980	120,827
Cumulative changes in fair value reserve		86,769	77,165
Foreign currency translation reserve		(472)	(201)
<b>Total equity</b>		<b>437,072</b>	<b>429,586</b>
<b>Liabilities</b>			
Insurance liabilities		881,797	786,809
Reinsurance balances payable		24,326	29,815
Insurance and other payables		181,736	157,618
Deferred reinsurance commission		27,223	21,600
<b>Total liabilities</b>		<b>1,115,082</b>	<b>995,842</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,552,154</b>	<b>1,425,428</b>

  
 Karmel Abunahl  
 Chairman

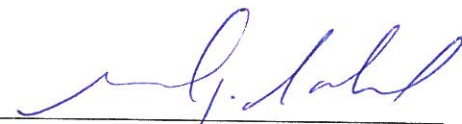
  
 Fadi AbuNahl  
 Chief Executive Officer

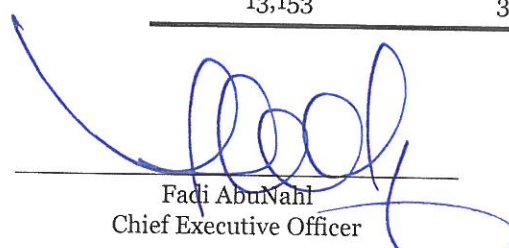
The notes on pages 9 to 16 form an integral part of these condensed interim consolidated financial information.

**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)

	Notes	Six-month period ended 30 June	
		2016 Unaudited	2015 Unaudited
Gross premiums written		290,612	328,628
Premiums ceded		(91,948)	(105,986)
		198,664	222,642
Unearned premium adjustments		(65,201)	(64,817)
<b>Net earned premiums</b>		133,463	157,825
Gross claims paid		(96,947)	(105,650)
Recoveries on premiums ceded		29,454	29,475
Outstanding claims adjustments		(10,307)	(25,644)
<b>Claims and related expenses</b>		(77,800)	(101,819)
Commission income		15,445	19,154
Policy acquisition costs		(50,510)	(51,875)
Operating expenses		(12,032)	(12,074)
Other income/(charges)		(2)	889
		(47,099)	(43,906)
<b>Underwriting profit</b>		8,564	12,100
Investment income - net		2,765	23,467
Income from investment properties		204	225
General and administration expenses		(4,340)	(5,804)
Finance income		2,619	2,996
Foreign exchange gain/(loss)		356	(3,459)
Other income - net		3,114	3,052
<b>Profit before tax</b>		13,282	32,577
Income tax	9	(129)	(348)
<b>PROFIT FOR THE PERIOD</b>		13,153	32,229
<b>Attributable to:</b>			
Shareholders of the parent		13,153	32,229
Non-controlling interests		-	-
		13,153	32,229

  
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>2016</b>	<b>2015</b>
	<i>Unaudited</i>	<i>Unaudited</i>
<b>Profit for the period</b>	<u>13,153</u>	<u>32,229</u>
<b>Other comprehensive income/(loss) to be reclassified to interim consolidated statement of income in subsequent periods:</b>		
Available-for-sale investments:		
Fair value changes arising during the period	7,469	11,892
Transferred to interim consolidated statement of income on disposal/ impairment	<u>2,135</u>	<u>(17,530)</u>
	9,604	(5,638)
Currency translation adjustments:		
Currency translation adjustments arising during the period	<u>(271)</u>	<u>132</u>
<b>Net other comprehensive income/(loss) to be reclassified to interim consolidated statement of income in subsequent periods</b>	<u>9,333</u>	<u>(5,506)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>22,486</u>	<u>26,723</u>
<b>Attributable to:</b>		
Shareholders of the parent	22,486	26,723
Non-controlling interests	-	-
	<u>22,486</u>	<u>26,723</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)

	Attributable to shareholders of the parent					
	Share capital	Statutory reserve	Retained earnings	Cumulative changes in fair value reserve	Foreign currency translation reserve	Non - controlling interests
Balance at 1 January 2016 (Audited)	200,000	31,795	120,827	77,165	(201)	429,586
Profit for the period	-	-	13,153	-	-	13,153
Other comprehensive income/(loss)	-	-	-	9,604	(271)	9,333
Total comprehensive income (loss)	-	-	13,153	9,604	(271)	22,486
Dividend paid	-	-	(15,000)	-	-	(15,000)
Balance at 30 June 2016 (Unaudited)	200,000	31,795	118,980	86,769	(472)	437,072
Balance at 1 January 2015 (Audited)	170,000	28,777	93,072	93,541	(203)	385,187
Profit for the period	-	-	32,229	-	-	32,229
Other comprehensive (loss) income	-	-	-	(5,638)	132	(5,506)
Total comprehensive income (loss)	-	-	32,229	(5,638)	132	26,723
Increase in paid up capital	30,000	-	-	-	-	30,000
Balance at 30 June 2015 (Unaudited)	200,000	28,777	125,301	87,903	(71)	441,910

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)

	Six-month period ended 30 June	
Notes	2016 Unaudited	2015 Unaudited
<b>OPERATING ACTIVITIES</b>		
Profit before tax	13,282	32,577
Adjustments for:		
Depreciation	308	229
Amortisation of intangible assets	9	10
Provision for bad debts - net	600	750
Impairment loss on available-for-sale investments	2,550	63
Gain on disposal of available-for-sale investments	(415)	(17,530)
Accretion of discount on available-for-sale investments	(22)	-
Amortisation of premium on available-for-sale investments	593	-
Change in unearned premium	78,605	90,476
Change in reinsurers' share of unearned premium	(14,343)	(24,680)
Deferred acquisition costs - net	(5,566)	(11,033)
Operating profit before changes in operating assets and liabilities	75,601	70,862
Changes in operating assets and liabilities:		
Outstanding claims	16,383	28,225
Reinsurers' share of outstanding claims	(2,158)	(6,594)
Insurance and other receivables	(110,206)	(103,133)
Insurance and other payables	24,118	26,310
Reinsurance payables	(5,489)	(5,468)
Taxes paid	(1,751)	10,202
<b>Net cash (used in)/ generated from operating activities</b>	<b>(1,880)</b>	<b>9,854</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of available-for-sale investments	(36,647)	(49,955)
Proceeds from sale of available-for-sale investments	28,752	52,286
Purchase of property and equipment	(477)	(328)
Bank deposits with maturity of more than three months	32,674	49,119
<b>Net cash generated from investing activities</b>	<b>24,302</b>	<b>51,122</b>
<b>FINANCING ACTIVITIES</b>		
Increase in paid up capital	-	30,000
Dividend paid	(15,000)	-
<b>Net cash(used in)/ generated from financing activities</b>	<b>(15,000)</b>	<b>30,000</b>
Foreign currency translation adjustments	(271)	132
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>7,151</b>	<b>91,108</b>
Cash and cash equivalents at beginning of the period	433,646	410,866
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>440,797</b>	<b>501,974</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 London, 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 were authorised for issue by the Board of Directors on 29 August 2016.

**2. Basis of preparation**

This condensed interim consolidated financial information of the Group for the six month period ended 30 June 2016 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 2015. In addition, results for the six-month period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

**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
		2016	2015	
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)	Kingdom of Bahrain	100%	100%	Travel assistance
Trust International Insurance and Reinsurance Company, Société Anonyme	Morocco	100%	100%	Liason office
Trust Insurance Management W.L.L.	Kingdom of Bahrain	100%	100%	Insurance Management

## **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 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016.

##### *4.1 New standards, amendments and interpretations effective for the accounting period beginning on 1 January 2016*

The following amendments to existing standards and interpretations have been published and are effective for the financial year beginning on or after 1 January 2016:

- Amendment to IAS 16 - 'Property, plant and equipment'.
- Amendment to IAS 19 - 'Employee benefits'.
- Amendment to IAS 38 - 'Intangible assets'.
- Amendment to IFRS 7 - 'Financial instruments: disclosures'.
- Amendment to IAS 34 - 'Interim financial reporting'.
- Amendment to IAS 1 - 'Presentation of financial statements'

There are no other IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2016.

##### *4.2 New standards, amendments and interpretations not effective for the accounting period beginning on 1 January 2016*

- Amendment to IAS 7 - 'Disclosure initiative' (effective 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).

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 2016. 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 2015.

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 2016 and 31 December 2015:

<i>Unaudited</i>				
<b>At 30 June 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	-	-	442,517	442,517
Available-for-sale investments	-	295,811	-	295,811
Insurance and other receivables	-	-	132,890	132,890
Reinsurers' share of outstanding claims reserve - reported claims	-	-	168,728	168,728
Foreign exchange forward contracts	268	-	-	268
	<b>268</b>	<b>295,811</b>	<b>744,135</b>	<b>1,040,214</b>
Outstanding claims reserve - reported claims	-	-	418,954	418,954
Reinsurance payables	-	-	24,326	24,326
Insurance and other payables	-	-	49,770	49,770
	<b>-</b>	<b>-</b>	<b>493,050</b>	<b>493,050</b>
<i>Audited</i>				
<b>At 31 December 2015</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	-	-	468,040	468,040
Available-for-sale investments	-	281,018	-	281,018
Insurance and other receivables	-	-	118,761	118,761
Reinsurers' share of outstanding claims reserve - reported claims	-	-	167,215	167,215
Foreign exchange forward contracts	950	-	-	950
	<b>950</b>	<b>281,018</b>	<b>754,016</b>	<b>1,035,984</b>
Outstanding claims reserve - reported claims	-	-	414,589	414,589
Reinsurance payables	-	-	29,815	29,815
Insurance and other payables	-	-	58,134	58,134
	<b>-</b>	<b>-</b>	<b>502,538</b>	<b>502,538</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 2,550 thousand (2015: 63 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 10,316 thousand (2015: USD 10,192 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 2016</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investment properties	-	18,786	18,786
Property and equipment (Land and building only)	-	1,838	1,838
Available-for-sale investments			
<i>Equities</i>			
Financial services	136,375	-	136,375
Others	13,514	-	13,514
<i>Debts</i>			
Financial services	34,947	-	34,947
Government	10,966	-	10,966
Energy	8,816	-	8,816
Basic material	7,185	-	7,185
Communication	6,674	-	6,674
Consumer	13,326	-	13,326
Utilities	7,431	-	7,431
Others	46,262	-	46,262
Derivative financial instruments	-	268	268
	<b>285,496</b>	<b>20,892</b>	<b>306,388</b>
<i>Audited</i>			
<b>At 31 December 2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investment properties	-	18,786	18,786
Property and equipment (Land and building only)	-	1,838	1,838
Available-for-sale investments			
<i>Equities</i>			
Financial services	129,836	-	129,836
Others	20,735	-	20,735
<i>Debts</i>			
Financial services	32,610	-	32,610
Government	9,737	-	9,737
Energy	9,707	-	9,707
Basic material	5,334	-	5,334
Communication	5,659	-	5,659
Consumer	11,201	-	11,201
Utilities	5,751	-	5,751
Others	40,256	-	40,256
Derivative financial instruments	-	950	950
	<b>270,826</b>	<b>21,574</b>	<b>292,400</b>

Unquoted equities classified as available-for-sale amounted to USD 10,316 thousand (2015: USD 10,192 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 2016 for current period and 31 December 2015 for the comparative period.

None of the Group's financial instruments carried at fair value at 30 June 2016 qualify under Level 3 of the fair value hierarchy.

During the period ended 30 June 2016, there were no transfers between Level 1 and Level 2 fair value hierarchies.

**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 2016</b>	<b>31 December 2015</b>
	<i>Unaudited</i>	<i>Audited</i>
Time deposits with original maturities of less than three months	375,409	348,801
Cash at banks	65,350	84,810
Cash in hand	38	35
Cash and cash equivalents	440,797	433,646
Time deposits with original maturities of more than three months	1,322	33,996
Statutory deposits	398	398
	<u>442,517</u>	<u>468,040</u>

**8. Share capital**

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<i>Unaudited</i>	<i>Audited</i>
<b>Authorised:</b>		
2,000,000 shares of USD 100 each	<u>200,000</u>	<u>200,000</u>
<b>Issued and fully paid up:</b>		
2,000,000 shares of USD 100 each	<u>200,000</u>	<u>200,000</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

	<b>Six months period ended 30 June</b>	
	<i>Unaudited</i>	
	<b>2016</b>	<b>2015</b>
Current income tax expense	(6)	(170)
Deferred income tax expense related to origination and reversal of deferred taxes	(123)	(178)
	<u>(129)</u>	<u>(348)</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 2016		30 June 2015	
	Unaudited			
	Shareholders	Entities related to shareholders	Shareholders	Entities related to shareholders
Gross premiums written	-	2052	-	3,605
Gross claims paid	-	1053	-	1,259
Policy acquisition costs	-	434	-	978
Investment income - net	-	-	16,815	-

Expenses included USD Nil (2015: USD 3,500 thousand) in respect of building rent and USD 670 thousand (2015: USD 500 thousand) in respect of management fees paid to a shareholder.

**10.2 Balances with related parties**

	30 June 2016		31 December 2015	
	<i>Unaudited</i>		<i>Audited</i>	
	Shareholders	Entities related to shareholders	Shareholders	Entities related to shareholders
Insurance and other receivables	-	37,780	670	30,951
Insurance and other payables	2,720	5,292	-	8,914

**10.3 Loans to related parties**

The following table provides the loans outstanding from related parties as at 30 June 2016 and 31 December 2015, as well as the interest received during the six months ended 30 June 2016 and 2015:

	30 June 2016 <i>Unaudited</i>	31 December 2015 <i>Audited</i>
Amounts owed by a related party	1,960	2,375

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>	
	2016	2015
Interest received	58	83

**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 (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>2016</b>	<b>2015</b>
Directors' remuneration	120	120
Salaries and benefits	530	727
End of service benefits	34	42
	<b>684</b>	<b>889</b>

**11. Contingent liabilities**

The Group has issued a guarantee of approximately USD 1.0 million (EUR 900 thousand) (2015: USD 1.0 million (EUR 900 thousand)) as a statutory requirement by the Superintendent of Insurance in Cyprus in respect of its Cyprus Branch.

**12. Derivatives**

The Group entered into following derivatives:

	<b>Notional amounts by term to maturity</b>				
	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Notional amount Total</b>	<b>Within 3 months</b>	<b>3 - 12 months</b>
<b>30 June 2016</b>					
Forward foreign exchange contracts	268	-	25,532	25,532	-
<b>31 December 2015</b>					
Forward foreign exchange contracts	950	-	22,954	22,954	-

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.