

**Nest Investments (Holdings) Ltd**



**NEST INVESTMENTS (HOLDINGS) LIMITED**

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 2014**



# NEST INVESTMENTS (HOLDINGS) LIMITED

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

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# NEST INVESTMENTS (HOLDINGS) LIMITED

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014

	Notes	Six month period ended 30 June	
		2014 US\$ '000	2013 US\$ '000
<b>Transfer from consolidated insurance revenue account</b>		<b>11,390</b>	<b>15,017</b>
Interest income - banking operations	10	14,017	10,822
Interest expense - banking operations	10	(502)	(316)
Fee and commission income - banking operations	11	7,525	14,432
Fee and commission expense - banking operations	11	(59)	(552)
Net Income and gains from investments	12	11,852	8,133
Other income		10,292	9,233
Credit loss expense - banking operations		(778)	(1,072)
Administrative expenses	9	(24,572)	(18,595)
Net finance income/ (expense)		4,390	(2,698)
<b>Profit from operations</b>		<b>22,164</b>	<b>19,388</b>
Share of profit of associate's	16	4,015	584
<b>Profit for the year before tax</b>		<b>37,569</b>	<b>34,989</b>
Income tax expenses	13	(4,452)	(5,363)
<b>Net profit for the year</b>		<b>33,117</b>	<b>29,626</b>
<b>Other comprehensive income</b>			
<i>To be reclassified to profit or loss in subsequent periods:</i>			
Available for sale investments fair value gain, net of tax		6,027	10,134
Exchange difference		(10,671)	(18,635)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>(4,644)</b>	<b>(8,501)</b>
<i>Not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of property, net of tax		-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>		<b>(4,644)</b>	<b>(8,501)</b>
<b>Total comprehensive income for the year</b>		<b>28,473</b>	<b>21,125</b>
<b>Total Comprehensive income for the year attributable to:</b>			
Equity holders of the parent		25,812	19,658
Non controlling interest		2,661	1,468
		<b>28,473</b>	<b>21,125</b>



# NEST INVESTMENTS (HOLDINGS) LIMITED

## INTERIM CONSOLIDATED INSURANCE REVENUE ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2014

	Notes	Six month period ended 30 June	
		2014 US\$ '000	2013 US\$ '000
Gross written premium		435,464	380,496
Outward reinsurance premium		<u>(152,801)</u>	<u>(140,335)</u>
Retained premium		282,663	240,161
Change in unearned premiums		<u>(86,357)</u>	<u>(66,705)</u>
<b>Net earned premium</b>	7	<b><u>196,306</u></b>	<b><u>173,456</u></b>
Gross claims paid	8(a)	(154,671)	(146,695)
Claims recovered from reinsurers	8(b)	58,066	64,147
Change in provision for outstanding claims - gross		(36,146)	(36,445)
Change in provision for outstanding claims - reinsurance		(5,894)	3,921
Change in IBNR		7,030	7,381
<b>Claims and related expenses</b>	8(d)	<b><u>(131,614)</u></b>	<b><u>(107,692)</u></b>
Commissions and taxes paid		(78,376)	(68,326)
Commissions and taxes received from reinsurers		30,051	27,073
Interest on premium reserve		70	32
Interest on premium reserve - reinsurance		(34)	(10)
Change in deferred acquisition cost – gross		21,008	16,527
Change in deferred acquisition cost – reinsurance		(6,737)	(5,249)
Change in unexpired risk reserves		11	–
<b>Acquisition costs, commissions and taxes</b>		<b><u>(34,008)</u></b>	<b><u>(29,953)</u></b>
<b>Gross underwriting profit</b>		<b>30,684</b>	<b>35,811</b>
Operating expenses		<u>(20,826)</u>	<u>(18,582)</u>
<b>Transfer to consolidated statement of comprehensive income</b>	6	<b><u>11,390</u></b>	<b><u>15,017</u></b>



# NEST INVESTMENTS (HOLDINGS) LIMITED

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

		Unaudited 30 June 2014 US\$ '000	Audited 31 December 2013 US\$ '000
	Notes		
<b>Assets</b>			
Goodwill		26,817	26,817
Intangible assets		6,973	7,227
Property and equipment	14	216,320	200,680
Properties Held For Trading		9,090	9,229
Investment properties	15	1,793,552	1,794,315
Investment in associates	16	410,938	408,005
Loans and advances to banking customers	17(a)	321,450	334,183
Other financial assets	17(b)	114,324	110,786
Reinsurance assets	23	364,122	351,093
Insurance receivables		33,857	38,126
Gross deferred acquisition cost		68,154	47,748
Other assets	19	165,377	109,148
Accounts receivable	18	359,103	242,883
Due from banks - banking operations		46,392	53,899
Cash and cash equivalents	20	681,112	611,713
<b>Total assets</b>		<b>4,617,579</b>	<b>4,345,853</b>
<b>Equity</b>			
Share capital	21(a)	17	17
Reserves	21(b)	1,634,681	1,609,675
Contribution from Shareholder		104,190	112,175
<b>Equity attributable to equity holders of the parent</b>		<b>1,738,888</b>	<b>1,721,867</b>
Non-controlling interest		684,574	700,499
<b>Total equity</b>		<b>2,423,462</b>	<b>2,422,366</b>
<b>Liabilities</b>			
Bank loans		301,881	266,070
Banking customer deposits	22	282,851	262,898
Due to banks		2,588	2,376
Insurance contract liabilities	23	971,367	853,712
Reinsurance balances payable		66,874	61,189
Trade creditors and other liabilities	24	541,978	460,182
Bank overdraft		2,951	445
Income received in advance		2,227	1,951
Reinsurers' share of deferred acquisition costs		21,400	14,664
<b>Total Liabilities</b>		<b>2,194,118</b>	<b>1,923,487</b>
<b>Total equity and liabilities</b>		<b>4,617,579</b>	<b>4,345,853</b>

17 October 2014

Ghazi Abu Nahl  
Chairman and CEO

Mehran Eftekhari, FCA  
Director



# NEST INVESTMENTS (HOLDINGS) LIMITED

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014

	Equity attributable to equity holders of the parent											Total equity US\$ '000
	Share capital	Contribution from Shareholder	Statutory reserve	Optional reserve	General banking risks reserve	Property revaluation reserve	Investment revaluation reserve	Exchange difference reserve	Retained earnings	Total	Non-controlling interest	
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	
At 1 January 2013	17	28,968	34,064	2,765	3,749	93,672	110,255	(26,854)	1,227,750	1,474,385	745,932	2,220,318
Prior year adjustments	-	-	1,976	31	-	(2,034)	-	-	(968)	(995)	-	(995)
Revised opening balance 1 January 2013	17	28,968	36,040	2,796	3,749	91,638	110,255	(26,854)	1,226,782	1,473,390	745,932	2,219,323
Profit for the year	-	-	-	-	-	-	-	-	21,147	21,147	8,479	29,626
Other comprehensive income	-	-	-	-	-	-	11,215	(12,705)	-	(1,489)	(7,012)	(8,501)
<b>Total comprehensive income</b>	<b>17</b>	<b>28,968</b>	<b>36,040</b>	<b>2,796</b>	<b>3,749</b>	<b>91,638</b>	<b>121,470</b>	<b>(39,558)</b>	<b>1,247,929</b>	<b>1,493,048</b>	<b>747,400</b>	<b>2,240,448</b>
Funds contributed by shareholder	-	1,118	-	-	-	-	-	-	-	1,118	-	1,118
Dividends	-	-	-	-	-	-	-	-	(10,913)	(10,913)	(7,211)	(18,124)
Transfer to statutory and optional reserve	-	-	827	299	-	-	-	-	(1,126)	-	-	-
General banking risks reserve	-	-	-	-	1,137	-	-	-	(1,233)	(96)	96	-
Acquisition of share in subsidiary	-	-	-	-	-	-	-	-	(170)	(170)	(267)	(437)
<b>At 30 June 2013</b>	<b>17</b>	<b>30,086</b>	<b>36,866</b>	<b>3,095</b>	<b>4,886</b>	<b>91,638</b>	<b>121,470</b>	<b>(39,558)</b>	<b>1,234,488</b>	<b>1,482,988</b>	<b>740,017</b>	<b>2,223,006</b>
At 1 January 2014	17	112,175	38,960	3,207	2,119	90,919	(1,647)	(31,439)	1,507,555	1,721,867	700,499	2,422,366
Prior year adjustments (Note 4)	-	-	-	-	-	-	(2,452)	2,452	-	-	-	-
Revised opening balance 1 January 2013	17	112,175	38,960	3,207	2,119	90,919	(4,099)	(28,987)	1,507,555	1,721,867	700,499	2,422,366
Profit for the year	-	-	-	-	-	-	-	-	24,546	24,546	8,571	33,117
Other comprehensive income / (loss)	-	-	-	-	-	-	5,878	(4,612)	-	1,266	(5,910)	(4,644)
<b>Total comprehensive income</b>	<b>17</b>	<b>112,175</b>	<b>38,960</b>	<b>3,207</b>	<b>2,119</b>	<b>90,919</b>	<b>1,779</b>	<b>(33,599)</b>	<b>1,532,101</b>	<b>1,747,679</b>	<b>703,159</b>	<b>2,450,838</b>
Repayment of funds contributed by shareholder	-	(7,985)	-	-	-	-	-	-	-	(7,985)	-	(7,985)
Dividends	-	-	-	-	-	-	-	-	-	-	(20,456)	(20,456)
Transfer to statutory and optional reserve	-	-	1,212	2,057	-	-	-	-	(3,270)	-	-	-
General banking risks reserve	-	-	-	-	551	-	-	-	(1,357)	(805)	805	-
Increase in subsidiary's share capital	-	-	-	-	-	-	-	-	-	-	1,065	1,065
<b>At 30 June 2014</b>	<b>17</b>	<b>104,190</b>	<b>40,173</b>	<b>5,264</b>	<b>2,670</b>	<b>90,919</b>	<b>1,779</b>	<b>(33,599)</b>	<b>1,527,475</b>	<b>1,738,888</b>	<b>684,574</b>	<b>2,423,462</b>



# NEST INVESTMENTS (HOLDINGS) LIMITED

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014

	Notes	Six month period ended June	
		2014 US\$ '000	2013 US\$ '000
<b>Cash flows from operating activities:</b>			
Net profit before taxation		37,569	34,989
<b>Adjustments for:</b>			
Amortisation of Intangibles		218	270
Depreciation of property and equipment	14	7,146	2,333
Net share in associates results	16	(4,015)	(584)
Impairment of AFS investments	17	342	222
Credit loss expense		778	1,072
<b>Operating profit before working capital changes</b>		<b>42,039</b>	<b>38,302</b>
<b>Increase/ (decrease) in operating assets and liabilities:</b>			
Accounts receivable and prepayments		(116,220)	(57,135)
Properties held for trading		139	224
Loans and advances to banking customers		11,954	(77,134)
Insurance receivables		4,269	8,031
Gross deferred acquisition cost		(20,405)	(15,809)
Reinsurers' share of insurance contract liabilities		(13,029)	(18,387)
Other assets		(56,228)	(14,207)
Due from banks		7,507	36,800
Trade creditors and other liabilities		81,796	(38,178)
Reinsurers' balances payable		5,685	9,824
Reinsurers' share of deferred acquisition costs		6,737	5,249
Insurance contract liabilities		117,655	110,956
Banking customer deposits		19,953	39,585
Due to banks		212	10,536
Income received in advance		276	(491)
<b>Cash from operations</b>		<b>92,339</b>	<b>38,163</b>
Income tax		(4,452)	(5,363)
<b>Net cash flows from operating activities</b>		<b>87,887</b>	<b>32,800</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	14	(38,705)	(1,091)
Proceeds from sale of property and equipment	14	11,742	14
Acquisition of intangibles		(159)	(1,452)
Proceeds from sale of intangibles		88	300
Acquisition of securities	17	(20,416)	(17,509)
Disposal of securities	17	18,522	12,304
Maturities of securities	17	3,375	11,755
Acquisition of investment properties	15	(8,336)	(10,632)
Disposal of investment properties	15	8,798	14,009
Increase in long-term deposits		(13,780)	14,028
<b>Net cash (used in)/ from investing activities</b>		<b>(38,871)</b>	<b>21,726</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank loan		35,811	94,503
Dividends paid		(20,456)	(18,124)
Net decrease in contribution from shareholder		(7,985)	-
<b>Net cash from financing activities</b>		<b>7,370</b>	<b>76,379</b>
Foreign exchange (losses)/gains		(3,274)	(1,118)
<b>Net increase in cash and cash equivalents</b>		<b>53,112</b>	<b>129,787</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>475,889</b>	<b>312,817</b>
<b>Cash and cash equivalents at end of year</b>	20	<b>529,002</b>	<b>442,605</b>





# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

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### 1. Corporate Information

The interim condensed consolidated financial statements of Nest Investments (Holdings) Limited (the 'Company') and its subsidiaries (together referred to as the 'Group') for the period ended 30 June 2014 were authorised for issue by the Directors on 17 October 2014.

The Company was incorporated in Jersey, Channel Islands, on 21 October, 1985 as a limited liability company. The ultimate shareholder of the Group is Mr. Ghazi Abu Nahl.

The principal activities of the Group are the provisions of investment holding, insurance & reinsurance services, real estate investment, banking services and licensed operations.

### 2. Accounting Policies

The significant accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013. These policies have been consistently applied to all periods presented in these consolidated financial statements unless otherwise stated.

In addition, the Group has adopted the following new standards, amendments and interpretations, which did not have a material impact on the interim condensed consolidated financial statements:

- IAS 27 Separate Financial Statements (Revised)
- IAS 28 Investments in Associates and Joint Ventures (Revised)
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Involvement with Other Entities
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

#### 2.1. Basis of preparation

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for investment properties, own use properties and those available for sale financial assets that have been measured at fair value.

##### *Statement of Compliance*

The interim condensed consolidated financial statements for the six month period ended 30 June 2014 have been prepared in accordance with International Financial Reporting Standard applicable to the interim financial reporting, as adopted by the European Union (EU).



# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

The interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2013.

### *Presentation Currency of Financial Statements*

The consolidated financial statements are presented in United States Dollars (US\$) and all amounts are rounded to the nearest thousands, except where otherwise indicated.

## **2.2. Basis of consolidation**

The interim condensed consolidated financial statements comprise of the financial statements of the Group as at 30 June 2014. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions and dividends, are eliminated in full.

Losses within a subsidiary are attributed to any non-controlling interest, even if this results in a deficit balance.

An investor might have control over an investee even when it has less than a majority of the voting rights of that investee (sometimes referred to as de facto control). In assessing whether de facto control exists, factors such as the size of the investor's holding of voting rights relative to other vote holders and any arrangements between shareholders are required to be considered.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income
- Income to profit or loss or retained earnings, as appropriate.

## **3. Significant judgments and estimates**

The preparation of the financial statements in accordance with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. Actual results may vary from these current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the profit or loss in the periods in which they become known.



# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

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The main assumptions and estimates concerning the future on the reporting date that poses a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year relates to:

### *Going concern*

The Company's management has assessed the ability of the Company to continue as a going concern and is satisfied that the Company has the financial resources to continue its business in the foreseeable future. Additionally, management is not aware of the existence of material uncertainties, which are related to events or circumstances that may give rise to serious doubts as to whether the Company can continue as a going concern. Consequently, the financial statements are prepared under a going concern.

### *Insurance business contracts*

For the insurance business contracts, estimates are made for the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. The estimation of the liabilities is based on past experience and market trends.

### *Fair value of financial instruments*

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility and discount rates, prepayment rates and default rate.

### *Income taxes*

The Group operates and is therefore subject to taxation in a number of countries in the Middle East, Africa and Europe. Estimates are required in determining the provision for taxes at the reporting date, and therefore the tax determination is uncertain. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax expense, the tax liabilities and deferred tax liabilities of the period in which the final tax is agreed with the tax authorities.

### *Allocation of overheads*

The majority of the direct insurance subsidiaries allocate their overheads using the ratio 90% to operating expenses included in the Consolidated Insurance Revenue Account and 10% to administrative expenses included in the Consolidated Statement of Comprehensive Income.

### *Impairment losses on loans and advances (Banking operations)*

The Group reviews its individually significant loans and advances at each statement-of-financial-position date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective



# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

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assessment takes account of data from the loan portfolio, and judgements on the effect of concentrations of risks and economic data.

### *Goodwill impairment testing*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which goodwill is allocated. The Group tests goodwill for impairment at the level of the legal entity to which it relates.

### *Impairment of available-for-sale financial assets*

Available-for-sale investments in equity securities are impaired when there has been a significant or prolonged decline in their fair value below cost. In such a case, the total loss previously recognised in equity is recognised in the statement of other comprehensive income. The determination of what is significant or prolonged requires judgement by management. The factors which are evaluated include the expected volatility in share prices. In addition, impairment may be appropriate when there is evidence that significant adverse changes have taken place in the technological, market, economic or legal environment in which the investee operates.

### *Revaluation of property, plant and equipment and investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognised in the profit or loss. In addition, it measures land and buildings at revalue amounts with changes in fair value being recognised in other comprehensive income.

For the investment property in Algeria, the residual method of valuation is used.

The application of the residual method of valuation is based on the principle that the price to be paid for a property that is suitable for development is equal to the difference between (i) the completed value of the permitted development and (ii) the total cost of carrying out that development.

Other properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

### *Consolidation of entities in which the Group holds less than majority of voting rights*

The Group considers that it controls Trust International Insurance Co. Plc. (Palestine) and Trust House Insurance Co. even though it owns less than 50% of the voting rights. This is because the Group has the power to exercise control over the company by virtue of an agreement with its shareholder who controls directly such % to bring the total over the 50% level.



# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

### 4. Correction of prior year error

The June 2014 interim consolidated statement of changes in equity has been restated to reflect the correction of prior year error on the opening balances of the Reserves.

The error related to the wrong classification of the tax provision on the revaluation of investments in one of the Group's subsidiaries which was wrongly booked in the Exchange difference reserve instead in Investment revaluation reserve.

This was corrected as follows:

	US\$'000
Increase in Exchange difference reserve	2.452
Decrease in Investment revaluation reserve	(2.452)

### 5. Profitability by line of business

The table below presents the profitability of the Group allocated in each line of business:

	Six month period ended	
	30 June	
	2014	2013
	US\$ '000	US\$ '000
Investment Holding	11,652	1,614
Insurance	4,272	4,942
Reinsurance	8,357	11,067
Services	(1,097)	47
Real Estate	(108)	(421)
Investment	275	1,203
Banking	10,218	11,342
Manufacturing	(452)	(167)
	<b>33,117</b>	<b>29,626</b>

# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014



### 6. Life and non-life insurance business

An analysis of the consolidated insurance revenue account by line of business is presented below:

2014 June	Workmen Compensation & Natural Catastrophe Third Party Facultative Treaty Energy														Total Line of Business	
	Motor	Life	Marine	Fire	Engine-ring	Medical	Travel	Other	Decennial Liability	Natural catastro-phy	Third Party Liability	Facultative	Treaty	Energy		US\$ '000
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Gross written premium	32,198	3,109	5,262	16,851	22,859	21,749	49	3,760	483	285	6,506	152,522	161,732	8,100	435,464	
Outward reinsurance premium	(3,546)	(2,094)	(4,182)	(12,706)	(22,059)	(5,962)	(38)	(2,404)	(308)	(178)	(2,119)	(52,305)	(36,892)	(8,009)	(152,801)	
Retained premium	28,652	1,015	1,080	4,145	800	15,787	11	1,356	175	107	4,387	100,217	124,839	91	282,663	
Change in unearned premiums	(1,486)	(198)	(115)	115	(1,309)	(5,885)	(2)	(62)	(88)	(26)	(785)	(31,622)	(44,895)	-	(86,357)	
<b>Net earned premium</b>	<b>27,167</b>	<b>817</b>	<b>965</b>	<b>4,259</b>	<b>(509)</b>	<b>9,902</b>	<b>9</b>	<b>1,294</b>	<b>87</b>	<b>81</b>	<b>3,602</b>	<b>68,595</b>	<b>79,945</b>	<b>91</b>	<b>196,306</b>	
Gross claims paid	(18,899)	(264)	(861)	(6,939)	(1,992)	(9,088)	(2)	(1,053)	-	-	(1,424)	(51,293)	(62,731)	(126)	(154,671)	
Claims recovered from reinsurers	2,964	277	805	5,991	1,905	1,810	-	358	-	-	206	24,183	19,442	126	58,066	
Change in provision for outstanding claims - gross	(1,903)	33	(390)	1,685	20	(508)	-	138	(2)	-	(297)	(29,383)	(5,539)	-	(36,146)	
Change in provision for outstanding claims - reinsurance	627	(33)	208	(1,912)	(115)	122	-	(22)	-	-	(172)	497	(5,094)	-	(5,894)	
Net IBNR (Pure)	(607)	-	10	33	11	(148)	-	68	-	-	208	4,197	3,589	-	7,362	
Net IBNER	(264)	-	(21)	23	(4)	-	-	-	-	(67)	2	-	-	-	(331)	
Change in IBNR	(871)	-	(11)	56	6	(148)	-	68	-	(67)	210	4,197	3,589	-	7,030	
<b>Claims and related expenses</b>	<b>(18,083)</b>	<b>13</b>	<b>(249)</b>	<b>(1,118)</b>	<b>(176)</b>	<b>(7,812)</b>	<b>(2)</b>	<b>(510)</b>	<b>(2)</b>	<b>(67)</b>	<b>(1,477)</b>	<b>(51,799)</b>	<b>(50,333)</b>	<b>-</b>	<b>(131,614)</b>	
Commissions and taxes paid	(5,468)	(148)	(625)	(3,131)	(2,103)	(1,450)	(6)	(668)	(57)	(14)	(667)	(24,792)	(39,167)	(80)	(78,376)	
Commissions and taxes received from	3	29	974	3,416	2,724	111	21	453	51	17	269	11,661	10,185	137	30,051	
Interest on premium reserve	-	-	-	-	-	-	-	-	-	-	-	(17)	87	-	70	
Interest on premium reserve - reinsurance	-	-	(7)	(23)	(4)	-	-	-	-	-	-	-	-	-	(34)	
Change in deferred acquisition cost – gross	145	-	(9)	138	(4)	(197)	-	16	-	-	111	6,310	14,498	-	21,008	
Change in deferred acquisition cost – reinsurance	-	-	-	-	-	-	-	-	-	-	-	(2,878)	(3,858)	-	(6,737)	
Change in unexpired risk reserves	(23)	-	(4)	(6)	-	(36)	-	79	-	-	-	-	-	-	11	
<b>Acquisition costs, commissions and taxes</b>	<b>(5,343)</b>	<b>(119)</b>	<b>329</b>	<b>395</b>	<b>613</b>	<b>(1,572)</b>	<b>16</b>	<b>(120)</b>	<b>(6)</b>	<b>2</b>	<b>(288)</b>	<b>(9,716)</b>	<b>(18,255)</b>	<b>57</b>	<b>(34,008)</b>	
<b>Gross underwriting profit</b>	<b>3,742</b>	<b>711</b>	<b>1,046</b>	<b>3,536</b>	<b>(72)</b>	<b>519</b>	<b>23</b>	<b>664</b>	<b>79</b>	<b>16</b>	<b>1,836</b>	<b>7,080</b>	<b>11,356</b>	<b>149</b>	<b>30,684</b>	
Operating expenses	(3,917)	(289)	(448)	(1,482)	(1,279)	(1,939)	(6)	(278)	(317)	(14)	(432)	(5,403)	(4,557)	(466)	(20,826)	
Technical Income	964	-	9	119	25	52	2	9	-	-	78	290	(24)	11	1,533	
<b>Net underwriting profit/ (loss)</b>	<b>789</b>	<b>422</b>	<b>606</b>	<b>2,173</b>	<b>(1,327)</b>	<b>(1,369)</b>	<b>19</b>	<b>395</b>	<b>(238)</b>	<b>2</b>	<b>1,482</b>	<b>1,967</b>	<b>6,775</b>	<b>(307)</b>	<b>11,390</b>	

# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014



### 6. Life and non-life insurance business (continued)

2013 June	Workmen Compensation & Total Line of Business															
	Motor	Life	Marine	Fire	Enginee- ring	Medical	Travel	Other	Decennial Liability	Natural catastro- -phy	Third Party Liability	Faculta- tive	Treaty	Energy	Total Line of Business	
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Gross written premium	33,354	1,423	5,017	18,232	14,796	14,478	46	17,673	478	227	5,068	119,092	144,783	5,828	380,496	
Outward reinsurance premium	(3,800)	(728)	(3,942)	(14,372)	(13,632)	(2,758)	(35)	(16,181)	(284)	(142)	(1,242)	(42,646)	(34,824)	(5,749)	(140,335)	
Retained premium	29,555	695	1,075	3,860	1,164	11,720	12	1,492	193	85	3,826	76,446	109,959	80	240,161	
Change in unearned premiums	(3,630)	148	(53)	(527)	(311)	(4,478)	(2)	71	(97)	(14)	(642)	(18,335)	(38,836)	-	(66,705)	
<b>Net earned premium</b>	<b>25,924</b>	<b>843</b>	<b>1,022</b>	<b>3,333</b>	<b>853</b>	<b>7,242</b>	<b>9</b>	<b>1,563</b>	<b>97</b>	<b>71</b>	<b>3,184</b>	<b>58,112</b>	<b>71,123</b>	<b>80</b>	<b>173,456</b>	
Gross claims paid	(14,396)	(156)	(4,020)	(11,763)	(4,075)	(7,488)	-	(623)	(3)	-	(1,671)	(55,049)	(47,441)	(11)	(146,695)	
Claims recovered from reinsurers	664	86	2,905	5,303	3,781	3,484	-	6,401	-	-	422	24,305	16,784	11	64,147	
Change in provision for outstanding claims - gross	(2,608)	(14)	152	(1,892)	(803)	1,049	-	36	(3)	-	(732)	(21,084)	(10,545)	-	(36,445)	
Change in provision for outstanding claims - reinsurance	94	(7)	(93)	1,950	460	(1,193)	-	(182)	6	-	380	6,677	(4,171)	-	3,921	
Net IBNR (Pure)	(207)	-	1	(56)	(1)	(853)	-	54	-	-	(5)	8,764	(182)	-	7,514	
Net IBNER	(14)	-	(18)	(8)	(4)	(56)	-	7	-	(30)	(11)	-	-	-	(133)	
Change in IBNR	(221)	-	(17)	(64)	(5)	(909)	-	61	-	(30)	(16)	8,764	(182)	-	7,381	
<b>Claims and related expenses</b>	<b>(16,468)</b>	<b>(91)</b>	<b>(1,073)</b>	<b>(6,466)</b>	<b>(642)</b>	<b>(5,057)</b>	<b>-</b>	<b>5,692</b>	<b>1</b>	<b>(30)</b>	<b>(1,617)</b>	<b>(36,386)</b>	<b>(45,555)</b>	<b>-</b>	<b>(107,692)</b>	
Commissions and taxes paid	(4,895)	(148)	(1,079)	(2,818)	(1,704)	(1,073)	(6)	(847)	(59)	(11)	(437)	(20,370)	(34,793)	(85)	(68,326)	
Commissions and taxes received	(2)	41	1,120	2,750	1,971	8	19	1,685	47	13	138	9,857	9,283	142	27,073	
Interest on premium reserve	-	-	-	-	-	-	-	-	-	-	-	(44)	76	-	32	
Interest on premium reserve - reinsurance	-	-	(1)	(3)	(1)	-	-	(5)	-	-	-	-	-	-	(10)	
Change in deferred acquisition cost - gross	224	-	6	123	(9)	93	-	(34)	-	-	7	3,897	12,219	-	16,527	
Change in deferred acquisition cost - reinsurance	-	-	-	-	-	-	-	-	-	-	-	(1,800)	(3,450)	-	(5,249)	
<b>Acquisition costs, commissions and</b>	<b>(4,673)</b>	<b>(107)</b>	<b>46</b>	<b>51</b>	<b>258</b>	<b>(972)</b>	<b>14</b>	<b>799</b>	<b>(12)</b>	<b>1</b>	<b>(292)</b>	<b>(8,459)</b>	<b>(16,664)</b>	<b>57</b>	<b>(29,953)</b>	
<b>Gross underwriting profit</b>	<b>4,783</b>	<b>646</b>	<b>(5)</b>	<b>(3,082)</b>	<b>469</b>	<b>1,213</b>	<b>23</b>	<b>8,055</b>	<b>85</b>	<b>42</b>	<b>1,275</b>	<b>13,266</b>	<b>8,904</b>	<b>137</b>	<b>35,811</b>	
Operating expenses	(3,008)	(226)	(654)	(1,192)	(1,090)	(1,781)	(6)	(322)	(112)	(58)	(708)	(4,924)	(4,462)	(40)	(18,582)	
Technical Income	52	-	-	3	-	-	-	-	-	-	-	(2,281)	14	-	(2,212)	
<b>Net underwriting profit/ (loss)</b>	<b>1,827</b>	<b>420</b>	<b>(659)</b>	<b>(4,271)</b>	<b>(620)</b>	<b>(569)</b>	<b>18</b>	<b>7,733</b>	<b>(27)</b>	<b>(16)</b>	<b>567</b>	<b>6,061</b>	<b>4,455</b>	<b>97</b>	<b>15,017</b>	



# NEST INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

## 7. Net Earned Premiums

Gross premiums on insurance contracts	Six month period ended	
	30 June	
	2014	2013
	US\$ '000	US\$ '000
Life Insurance	3,109	1,423
Non-Life Insurance	432,355	379,073
Gross written premium	435,464	380,496
Change in unearned premiums provision	(112,922)	(84,947)
<b>Total gross premiums</b>	<b>322,542</b>	<b>295,549</b>
Premiums ceded to reinsurers on insurance contracts	2014	2013
	US\$ '000	US\$ '000
Life Insurance	(2,094)	(728)
Non-Life Insurance	(150,707)	(139,606)
Outward reinsurance premium	(152,801)	(140,335)
Change in unearned premiums provision	26,565	18,242
<b>Total premiums ceded to reinsurers</b>	<b>(126,236)</b>	<b>(122,093)</b>
<b>Total net premiums</b>	<b>196,306</b>	<b>173,456</b>





# NEST INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

## 8. Net Benefits and Claims

	Six month period ended	
	30 June	
	2014	2013
	US\$ '000	US\$ '000
<b>(a) Gross benefits and claims paid</b>		
Life insurance	(264)	(156)
Non - life insurance	(154,407)	(146,539)
<b>Total gross benefits and claims paid</b>	<b>(154,671)</b>	<b>(146,695)</b>
<b>(b) Gross ceded to reinsurers</b>		
	2014	2013
	US\$ '000	US\$ '000
Life insurance	277	86
Non - life insurance	57,789	64,061
<b>Total claims ceded to reinsurers</b>	<b>58,066</b>	<b>64,147</b>
<b>(c) Gross change in contract liabilities</b>		
	2014	2013
	US\$ '000	US\$ '000
Life insurance	33	(14)
Non - life insurance	(36,179)	(36,430)
Change in provision for outstanding claims - gross	(36,146)	(36,445)
IBNR	10,106	13,311
<b>Total gross change in contract liabilities</b>	<b>(26,040)</b>	<b>(23,134)</b>
<b>(d) Change in contract liabilities ceded to reinsurers</b>		
	2014	2013
	US\$ '000	US\$ '000
Life insurance	(33)	(7)
Non - life insurance	(5,860)	3,928
Change in provision for outstanding claims - reinsurance	(5,894)	3,921
IBNR	(3,076)	(5,930)
<b>Total change in contract liabilities ceded to reinsurers</b>	<b>(8,970)</b>	<b>(2,009)</b>
<b>Net benefits and claims</b>	<b>(131,614)</b>	<b>(107,692)</b>



# NEST INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

## 9. Other Operating and Administrative Expenses

Apportionment of overheads	Six month period ended 30 June					
	2014			2013		
	Operating US\$ '000	Administra- -tive US\$ '000	Total US\$ '000	Operating US\$ '000	Administra- -tive US\$ '000	Total US\$ '000
Staff Cost	13,160	10,188	23,349	11,083	8,473	19,556
Occupancy Cost	812	3,118	3,930	1,271	3,232	4,502
Marketing Cost	619	333	952	544	342	886
General Business Expenses	5,193	6,029	11,222	4,266	5,696	9,962
Administrative Cost	773	1,006	1,779	1,199	539	1,737
Financial expenses	270	3,898	4,168	219	314	533
<b>Total expenses</b>	<b>20,826</b>	<b>24,572</b>	<b>45,398</b>	<b>18,582</b>	<b>18,595</b>	<b>37,177</b>

## 10. Net Interest Income- Banking Operations

	Six month period ended 30 June	
	2014	2013
	US\$ '000	US\$ '000
Loans and advances to customers	13,929	10,646
Due from banks and central banks	88	176
<b>Interest income - banking operations</b>	<b>14,017</b>	<b>10,822</b>
Customer deposits	(399)	(278)
Due to banks	(103)	(38)
<b>Net interest income - banking operations</b>	<b>13,515</b>	<b>10,506</b>

## 11. Net Fee and Commission Income- Banking Operations

	Six month period ended 30 June	
	2014	2013
	US\$ '000	US\$ '000
Fee and commission income - trade finance	7,525	14,432
Fee and commission expense - banking operations	(59)	(552)
<b>Net fee and commission income</b>	<b>9,624</b>	<b>13,880</b>



# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

### 12. Net Income and Gains from Investments

	Six month period ended	
	30 June	
	2014	2013
	US\$ '000	US\$ '000
Dividend income	8,704	5,437
Other investment income	936	525
Interest income on bonds	363	356
Profit on sale of investments	321	2
Impairment charge on available for sale investment	(342)	-
Rental income	1,870	1,813
<b>Net Income and Gains from Investments</b>	<b>11,852</b>	<b>8,133</b>

### 13. Income tax expense

Tax rates differ in each country the Group operates in; hence the subsidiaries are subject to tax on different tax rates. The group tax charge for the period relates to the results of group companies operating in the following jurisdictions:

Country	Tax Rates	Six month period ended	
		30 June	
		2014	2013
		US\$ '000	US\$ '000
Cyprus	13%	45	26
UK	15%	257	51
Lebanon	15%	230	130
Palestine	15%	381	452
Yemen	35%	117	64
Iraq	25%	147	-
Algeria	25%	3,275	4,640
		<b>4,452</b>	<b>5,363</b>



# NEST INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

## 14. Property and Equipment

	Land & Buildings US\$ '000	Motor vehicles US\$ '000	Computer equipment US\$ '000	Furniture fittings and equipment US\$ '000	Total US\$ '000
<b>Cost</b>					
At 1 January 2013	176,510	5,434	9,466	29,977	221,386
Additions	701	557	2,153	8,863	12,275
Disposal	(3,631)	(1,308)	(352)	(578)	(5,868)
Revaluation	(740)	–	–	–	(740)
Transfers	(7,253)	–	–	–	(7,253)
Cost transfer to investment property	15,318	–	–	–	15,318
Exchange difference	(1,422)	(20)	(30)	(287)	(1,758)
<b>At 31 December 2013</b>	<b>179,482</b>	<b>4,663</b>	<b>11,237</b>	<b>37,976</b>	<b>233,359</b>
At 1 January 2014	179,482	4,663	11,237	37,976	233,358
Additions	22,824	638	621	14,622	38,705
Disposal	(6,090)	(242)	(691)	(7,594)	(14,617)
Transfer from investment property	883	–	–	–	883
Exchange difference	(4,406)	(58)	(158)	(1,010)	(5,632)
<b>At 30 June 2014</b>	<b>192,695</b>	<b>5,001</b>	<b>11,007</b>	<b>43,994</b>	<b>252,696</b>
<b>Depreciation</b>					
At 1 January 2013	4,850	2,950	6,462	13,843	28,105
Disposal	(135)	(542)	(345)	(570)	(1,592)
Revaluation	(180)	–	–	–	(180)
Charge for the year	689	577	1,185	3,517	5,969
Exchange difference	(14)	(9)	518	(82)	412
<b>At 31 December 2013</b>	<b>5,209</b>	<b>2,976</b>	<b>7,820</b>	<b>16,674</b>	<b>32,679</b>
At 1 January 2014	5,209	2,976	7,820	16,674	32,679
Disposal	–	(170)	(810)	(1,896)	(2,875)
Charge for the year	2,629	283	594	3,640	7,146
Exchange difference	(85)	(61)	(99)	(328)	(573)
<b>At 30 June 2014</b>	<b>7,754</b>	<b>3,028</b>	<b>7,505</b>	<b>18,089</b>	<b>36,376</b>
<b>Net book value</b>					
<b>At 31 December 2013</b>	<b>174,273</b>	<b>1,687</b>	<b>3,418</b>	<b>21,302</b>	<b>200,680</b>
<b>At 30 June 2014</b>	<b>184,941</b>	<b>1,973</b>	<b>3,502</b>	<b>25,904</b>	<b>216,320</b>



# NEST INVESTMENTS (HOLDINGS) LIMITED

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## 15. Investment Properties

	June 2014 US\$ '000	December 2013 US\$ '000
At 1 January	1,794,315	1,806,747
Additions	12,658	86,204
Disposals	(8,798)	-
Fair value gains/ (losses) recorded in profit or loss	-	(89,026)
Transfer from property and equipment	-	7,253
Transfer to property and equipment	883	(15,318)
Exchange difference	(3,741)	(1,545)
	<b>1,793,552</b>	<b>1,794,315</b>

Investment properties are stated at fair value. All valuations are performed usually at the end of each year. The Independent valuers used are specialists in valuing these types of investment properties and have recent experience in the location and category of the investment properties being valued.

The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by the International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the profit or loss.

The most significant investment property of the Group is a development in Algeria, currently under construction. The development is expected to be completed by end of 2015 and consists of:

- 5 Star Hotel
- Executive Apartments
- Residence Inn
- Courtyard Hotel
- Office complexes
- Shopping Mall
- Associated car parking

### Classes of Investment property:

In determining the appropriate classes of investment property the Group has considered the nature, characteristics and risks of its properties as well as the level of the fair value hierarchy within which the fair value measurements are categorised. The following factors have been applied to determine the appropriate classes:

- a) The real estate segment
- b) The geographical location
- c) The construction status
- d) The level of fair value hierarchy



# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

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Fair value measurement, valuation techniques, changes in valuation techniques, inputs and other key information:

No valuations were performed for the six month period ended 30 June 2014.

Below are the descriptions and definitions relating to valuation techniques, unobservable inputs and other assumptions made in determining the fair values:

### **Market comparable method (or market comparable approach):**

The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.

### **Income approach:**

The income approach converts future amounts (eg cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

### **Discount rate:**

Rate used to discount the net cash flows generated from rental and operating activities during the period of analysis.

### **IRR:**

This is the internal rate of return (IRR) i.e. the yield generated by the project's cash flows.



# NEST INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

## 16. Investment in Associates

The Group has investments in the following associates:

	<b>Country of incorporation/ Registration</b>	<b>Business Activity</b>	<b>Holding %</b>
Qatar General Insurance and Reinsurance Company S.A.Q.	Qatar	Insurance, Reinsurance	16%
Jordanian Expatriates Investment Holding	Jordan	Investment Holding	40%
Trust Insurance Co. Libya	Libya	Insurance	39%
Trust Syria Insurance Company (S.A.S.C)	Syria	Insurance	32%
Oman Reinsurance Company SAOC	Oman	Insurance	25%
Rigata Investments Ltd	Cyprus	Real Estate Holding	30% (up to 1 <sup>st</sup> January 2014)

The reporting date and reporting year of the associates is the same as the Group's and all use uniform accounting policies. The insurance entities are required to maintain a minimum solvency margin based on local directives. Such restrictions can affect the ability of these associates to transfer funds in the form of cash dividends, and therefore, there can be no assurance that these restrictions will not become a limitation in the future.

The results for the six month period ended 30 June 2014 of the associates Trust Syria and Trust Libya were not yet published as at the date of issue of these financial statements. The Group does not consider that these investments in associated companies are impaired.

Rigata Investments Ltd was acquired in full by the Group on 1<sup>st</sup> January 2014 and was reclassified in Investments in subsidiaries.

The Group's share in the associates is presented below:


**June 2014**

	<b>Qatar General US\$ '000</b>	<b>Jordanian Expatriates US\$ '000</b>	<b>Trust Libya US\$ '000</b>	<b>Trust Syria US\$ '000</b>	<b>Oman Re US\$ '000</b>	<b>Rigata Investments US\$ '000</b>	<b>Total US\$ '000</b>
As at 1 <sup>st</sup> January	375,082	10,721	3,710	2,026	14,527	1,940	408,005
Additions	205	-	-	-	653	2,383	3,240
Reclassification to Investments in subsidiaries	-	-	-	-	-	(4,323)	(4,323)
Share of profit/(loss) for the year	4,285	302	-	-	(572)	-	4,015
<b>As at 30 June</b>	<b>379,572</b>	<b>11,023</b>	<b>3,710</b>	<b>2,026</b>	<b>14,607</b>	<b>-</b>	<b>410,938</b>

**December 2013**

	<b>Qatar General US\$ '000</b>	<b>Jordanian Expatriates US\$ '000</b>	<b>Trust Libya US\$ '000</b>	<b>Trust Syria US\$ '000</b>	<b>Oman Re US\$ '000</b>	<b>Rigata Investments US\$ '000</b>	<b>Total US\$ '000</b>
As at 1 <sup>st</sup> January	-	-	3,135	6,552	12,559	1,940	24,186
Additions	809	-	-	-	2,841	-	3,650
Reclassification from AFS investments	204,678	10,172	-	-	-	-	214,850
Share of profit/(loss) for the year	169,595	549	575	(53)	(873)	-	169,793
Impairment	-	-	-	(4,378)	-	-	(4,378)
Exchange difference	-	-	-	(95)	-	-	(95)
<b>As at 31<sup>st</sup> December</b>	<b>375,082</b>	<b>10,721</b>	<b>3,710</b>	<b>2,026</b>	<b>14,527</b>	<b>1,940</b>	<b>408,005</b>





# NEST INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

## 17. Financial Assets

### a. Loans and advances to banking customers

	June 2014 US\$ '000	December 2013 US\$ '000
Loans and advances to customers, gross	344,789	357,494
Provisions for impairment on loans and advances to customers	(23,338)	(23,311)
	<b>321,450</b>	<b>334,183</b>

### b. Summary of other financial assets

	June 2014 US\$ '000	December 2013 US\$ '000
Held to maturity financial assets	14,009	9,198
Available for sale financial assets	100,315	101,588
<b>Total other financial assets</b>	<b>114,324</b>	<b>110,786</b>

### c. Movement in other financial assets

	Held to Maturity financial assets US\$ '000	Loans and receivables US\$ '000	Available for sale financial assets US\$ '000	Total US\$ '000
At 1 January 2013	13,742	3,652	300,899	318,293
Additions	10,239	-	23,953	34,192
Disposal	-	(3,629)	(13,708)	(17,337)
Amortisation	-	-	10	10
Maturities	(14,640)	-	-	(14,640)
Fair value gain	-	-	7,483	7,483
Movement in impairment allowance	-	-	(2,572)	(2,572)
Write off	-	-	(214,850)	(214,850)
Exchange difference	(143)	(23)	373	207
<b>At 31 December 2013</b>	<b>9,198</b>	<b>-</b>	<b>101,588</b>	<b>110,786</b>
At 1 January 2014	9,198	-	101,588	110,787
Additions	8,546	-	11,870	20,416
Disposal	-	-	(18,523)	(18,522)
Amortisation	-	-	298	298
Maturities	(3,375)	-	-	(3,375)
Fair value gain	-	-	6,027	6,027
Movement in impairment allowance	-	-	(342)	(342)
Exchange difference	(360)	-	(603)	(964)
<b>At 30 June 2014</b>	<b>14,009</b>	<b>-</b>	<b>100,315</b>	<b>114,324</b>



# NEST INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

## 18. Accounts Receivable

	June 2014 US\$ '000	December 2013 US\$ '000
Trade accounts and premiums receivable	160,174	132,702
Less: provision for doubtful debts	(15,414)	(10,640)
Inward Pipeline Premium Provision	190,043	94,778
Inward Treaty Premium and Loss Deposit	24,300	26,043
	<u>359,103</u>	<u>242,883</u>

Accounts receivable are repayable on demand and do not carry any interest.

Movement in provision of doubtful debts:

	June 2014 US\$ '000	December 2013 US\$ '000
At 1 January	10,640	9,696
Charge for the year	960	756
Write off	3,886	233
Exchange difference	(71)	(44)
	<u>15,414</u>	<u>10,640</u>

## 19. Other Assets

	June 2014 US\$ '000	December 2013 US\$ '000
Other debtors and prepayments	160,090	103,791
Current income tax receivable	2,740	2,541
Deferred tax asset	2,547	2,816
<b>Total</b>	<u>165,377</u>	<u>109,148</u>

Other debtors are repayable on demand and non-interest bearing.



# NEST INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

## 20. Bank and Cash Balances

	June 2014 US\$ '000	December 2013 US\$ '000
Cash in hand	14,586	4,347
Cash at bank	633,093	589,124
Statutory deposits	33,432	18,243
<b>Bank and cash balances</b>	<b>681,112</b>	<b>611,713</b>
Bank overdraft	(2,951)	(445)
Deposits with an original maturity for more than three months	(149,159)	(135,379)
<b>Cash and cash equivalent as per statement of cash flows</b>	<b>529,002</b>	<b>475,889</b>

## 21. Share Capital and Reserves

### a) Share Capital

	June 2014		December 2013	
	Number of Shares '000	US\$ '000	Number of Shares '000	US\$ '000
<b><u>Authorised</u></b>				
Ordinary shares of STG£1 each	10	17	10	17
<b><u>Issued and fully paid</u></b>				
Ordinary shares of STG£1 each	10	17	10	17
	10	17	10	17

### b) Reserves

		June 2014 US\$ '000	December 2013 US\$ '000
Retained earnings		1,527,475	1,507,555
Statutory reserve	1	40,173	38,960
Available for sale reserves	2	1,779	(1,647)
Property revaluation reserve	3	90,919	90,919
Exchange difference reserve		(33,599)	(31,439)
Optional reserve	4	5,264	3,207
General banking risks reserve		2,670	2,119
		<b>1,634,681</b>	<b>1,609,675</b>



# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

### Notes:

1. Statutory reserves are required by local regulatory authorities in Lebanon, Palestine, Yemen, Iraq and Algeria of Group companies. Generally, 10% of the net profit for the year of the relevant entity is transferred to the statutory reserve. This continues until the reserve reaches the 25% of the capital. The statutory reserve is not available for distribution to shareholders.
2. The available for sale reserve arises on the revaluation of available-for-sale investments. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset (investment) is recognised in the profit or loss. Where a financial asset which was previously revalued is impaired, then the portion of the accumulated revaluation reserve that relates to the respective financial asset is recycled in the profit or loss.
3. The property revaluation reserve arises on the revaluation of land and buildings. When revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset is transferred directly to the retained earnings.
4. The optional reserve represents accumulation of profit transferred at a percentage on annual profits. This reserve may be used for such purposes as deemed appropriate by the Board of Directors and is available for distribution to shareholders.
5. The general banking risk reserve represents a statutory reserve for the Banking operations of the Group which is calculated as a percentage of the neither past due nor impaired loans.

Further information on the movement of the above reserves is disclosed in the consolidated statement of comprehensive income and changes in equity.

## 22. Banking Customer Deposits

	<b>June 2014 US\$ '000</b>	<b>December 2013 US\$ '000</b>
By Category:		
Demand	182,995	71,643
Savings	4,404	8,969
Time or notice	<u>95,451</u>	<u>182,286</u>
	<b><u>282,851</u></b>	<b><u>262,898</u></b>

The majority of banking customer deposits are current accounts or accounts with maturity of less than 3 months which usually do not earn any interest and are pledged against trade finance facilities. The remainder of deposits bear an average interest of 2,1% per annum.



23. Insurance Contract Liabilities

	2014 June			2013 December		
	Insurance contract liabilities US\$ '000	Reinsurance of liabilities US\$ '000	Net US\$ '000	Insurance contract liabilities US\$ '000	Reinsurance of liabilities US\$ '000	Net US\$ '000
Provision for reported claims by policyholders (OCR)	473,206	192,545	280,661	455,865	200,429	255,436
Provision for claims IBNR	96,007	21,600	74,407	106,457	24,673	81,784
Provision for claims IBNER	2,293	–	2,293	2,000	–	2,000
Outstanding claims provision	571,506	214,145	357,361	564,322	225,102	339,220
Provision for unearned premiums	399,760	149,977	249,784	289,144	125,855	163,289
Provision for unexpired risk reserve	101	–	101	247	137	110
<b>Total Life and non-life insurance contract liabilities</b>	<b>971,367</b>	<b>364,122</b>	<b>607,245</b>	<b>853,712</b>	<b>351,093</b>	<b>502,619</b>

	2014 June			2013 December		
	Insurance contract liabilities US\$ '000	Reinsurance of liabilities US\$ '000	Net US\$ '000	Insurance contract liabilities US\$ '000	Reinsurance of liabilities US\$ '000	Net US\$ '000
Life insurance contracts	3,084	1,728	1,356	1,974	824	1,150
Non-life insurance contracts	968,283	362,394	605,889	851,738	350,269	501,469
<b>Total insurance contract liabilities</b>	<b>971,367</b>	<b>364,122</b>	<b>607,245</b>	<b>853,712</b>	<b>351,093</b>	<b>502,619</b>

# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014



2014 June	Insurance Contract Liabilities – Gross						Insurance Contract Liabilities – Reinsurers' share					Insurance Contract Liabilities – Net					
	Provision for reported claims by policyholders (OCR)	Provision for claims IBNR	Provision for claims IBNER	Outstanding claims provision	Provision for unearned premiums	Provision for unexpired risk reserve	Provision for reported claims by policyholders (OCR)	Provision for claims IBNR	Outstanding claims provision	Provision for unearned premiums	Provision for unexpired risk reserve	Provision for reported claims by policyholders (OCR)	Provision for claims IBNR	Provision for claims IBNER	Outstanding claims provision	Provision for unearned premiums	Provision for unexpired risk reserve
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Motor	38,224	3,643	1,279	43,146	26,101	23	11,774	3	11,777	3,815	–	26,450	3,640	1,279	31,368	22,286	23
Life	210	6	–	216	2,868	–	146	2	148	1,579	–	64	4	–	68	1,288	–
Marine	2,175	87	56	2,318	4,285	15	1,668	6	1,674	3,891	–	508	81	56	644	394	15
Fire	6,020	284	114	6,419	14,235	6	4,501	86	4,587	12,032	–	1,519	198	114	1,832	2,203	6
Engineering	11,025	44	43	11,111	25,998	8	10,545	21	10,566	24,108	–	480	23	43	545	1,890	8
Medical	3,542	1,318	144	5,005	14,550	36	1,234	29	1,264	4,086	–	2,308	1,289	144	3,741	10,463	36
Travel	–	6	–	6	30	–	–	6	6	24	–	–	–	–	–	6	–
Other	2,666	175	12	2,852	3,358	13	2,370	11	2,381	2,177	–	295	164	12	471	1,182	13
Decennial liability	10	–	1	11	2,281	–	6	–	6	1,308	–	4	–	1	5	973	–
Natural catastrophe	–	–	540	540	184	–	–	–	–	126	–	–	–	540	540	58	–
Workmen compensation & third party liability	6,074	596	104	6,774	4,446	–	1,389	7	1,395	1,672	–	4,685	589	104	5,378	2,774	–
Energy	–	664	–	664	6,787	–	–	664	664	6,787	–	–	–	–	–	–	–
<b>Total Line of Business</b>	<b>473,206</b>	<b>96,007</b>	<b>2,293</b>	<b>571,506</b>	<b>399,760</b>	<b>101</b>	<b>192,545</b>	<b>21,600</b>	<b>214,145</b>	<b>149,977</b>	<b>–</b>	<b>280,661</b>	<b>74,407</b>	<b>2,293</b>	<b>357,361</b>	<b>249,784</b>	<b>101</b>

# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014



2013 December	Insurance Contract Liabilities – Gross						Insurance Contract Liabilities – Reinsurers' share					Insurance Contract Liabilities – Net					
	Provision for reported claims by policyholders (OCR)	Provision for claims IBNR	Provision for claims IBNER	Outstanding claims provision	Provision for unearned premiums	Provision for unexpired risk reserve	Provision for reported claims by policyholders (OCR)	Provision for claims IBNR	Outstanding claims provision	Provision for unearned premiums	Provision for unexpired risk reserve	Provision for reported claims by policyholders (OCR)	Provision for claims IBNR	Provision for claims IBNER	Outstanding claims provision	Provision for unearned premiums	Provision for unexpired risk reserve
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Motor	36,598	3,047	1,027	40,673	25,358	–	11,151	3	11,154	4,414	–	25,448	3,044	1,027	29,519	20,945	–
Life	243	6	–	249	1,725	–	179	2	181	643	–	64	4	–	68	1,082	–
Marine	1,804	104	36	1,945	3,738	11	1,471	12	1,482	3,454	–	334	93	36	462	285	11
Fire	7,751	304	140	8,196	15,503	–	6,441	68	6,509	13,167	–	1,310	237	140	1,687	2,337	–
Engineering	11,066	91	39	11,196	24,890	8	10,673	57	10,729	24,293	–	393	34	39	466	597	8
Medical	3,022	1,167	149	4,338	5,957	–	1,103	27	1,129	1,422	–	1,920	1,140	149	3,209	4,534	–
Travel	–	6	–	6	28	–	–	6	6	24	–	–	–	–	–	5	–
Other	2,793	237	12	3,043	3,130	228	2,385	7	2,392	2,024	137	408	230	12	650	1,105	91
Decennial liability	9	–	–	9	2,042	–	6	–	6	1,126	–	2	–	–	3	915	–
Natural catastrophe	–	–	490	490	105	–	–	–	–	72	–	–	–	490	490	33	–
Workmen compensation & third party liability	5,787	811	106	6,705	2,050	–	1,570	14	1,584	55	–	4,218	798	106	5,121	1,995	–
<b>Total Line of Business</b>	<b>455,865</b>	<b>106,457</b>	<b>2,000</b>	<b>564,322</b>	<b>289,144</b>	<b>247</b>	<b>200,429</b>	<b>24,673</b>	<b>225,102</b>	<b>125,855</b>	<b>137</b>	<b>255,436</b>	<b>81,784</b>	<b>2,000</b>	<b>339,220</b>	<b>163,289</b>	<b>110</b>



**Outstanding Claims Provision**

	2014 June			2013 December		
	Insurance contract liabilities US\$ '000	Reinsurance of liabilities US\$ '000	Net US\$ '000	Insurance contract liabilities US\$ '000	Reinsurance of liabilities US\$ '000	Net US\$ '000
At 1 January	436,948	198,366	238,582	410,506	213,137	197,369
Provision for the year	(128,785)	(63,879)	(64,906)	(228,583)	(134,288)	(94,295)
Claims paid during the year	164,931	57,985	106,946	274,359	121,666	152,693
Exchange difference	112	73	39	(417)	(87)	(330)
	<b>473,206</b>	<b>192,545</b>	<b>280,661</b>	<b>455,865</b>	<b>200,429</b>	<b>255,436</b>

**Provision for Unearned Premiums**

	2014 June			2013 December		
	Insurance contract liabilities US\$ '000	Reinsurance of liabilities US\$ '000	Net US\$ '000	Insurance contract liabilities US\$ '000	Reinsurance of liabilities US\$ '000	Net US\$ '000
At 1 January	287,018	123,670	163,349	271,792	117,768	154,024
Premiums written in year	450,590	154,801	295,789	625,557	258,984	366,572
Premiums earned during the year	(337,667)	(128,236)	(209,432)	(607,540)	(250,494)	(357,046)
Exchange difference	(180)	(258)	78	(664)	(403)	(262)
	<b>399,760</b>	<b>149,977</b>	<b>249,784</b>	<b>289,144</b>	<b>125,855</b>	<b>163,289</b>





# NEST INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

## 24. Creditors, accruals and other liabilities

	June 2014 US\$ '000	December 2013 US\$ '000
Trade payables	46,885	44,627
Outward pipeline premium provision	58,808	39,159
Outward treaty premium and loss deposit	12,140	14,312
Other creditors and accrued expenses	291,838	226,886
Current income tax payable	132,307	135,199
<b>Trade creditors and other liabilities</b>	<b>541,978</b>	<b>460,182</b>

The trade payables are repayable on demand and do not carry any interest.



# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

### 25. Group Companies

The interim condensed consolidated financial statements include the financial statements of Nest Investments (Holdings) Limited and the subsidiaries listed in the following table:

	Notes	Country of Incorporation/ Registration	Business Activity	Holding 2014 %
Nest Investments Holdings (Cyprus) Ltd		Cyprus	Services	100,00%
Rigata Investments Ltd		Cyprus	Real Estate Holding	100,00%
Nest Investment Property Ltd		United Kingdom	Investment Properties Holding	100,00%
Foundation for Insurance & Finance Education		Cyprus	Education	100,00%
Trust International Insurance & Reinsurance Company B.S.C. (c) – Trust Re		Bahrain	Reinsurance	99,10%
Trust Underwriting Ltd		United Kingdom	Corporate member of Lloyds	100,00%
Texas International Underwriters Inc.		United States of America	Insurance	100,00%
Aegean Properties Ltd		Guernsey	Investment Holding	88,33%
Ventura Del Mar S.A.		Spain	Real estate	88,33%
Ventura Del Mar S.A. Ltd		United Kingdom	Property ownership	100,00%
Ribera De Marbella S.L.		Spain	Service company	100,00%
Afro Asian Assistance B.S.C.		Bahrain	Travel assistance	100,00%
Trust International Insurance Company (Cyprus) Ltd		Cyprus	Insurance	100,00%
Market Insurance Services (Cyprus) Ltd		Cyprus	Insurance consultancy and related services	100,00%
Market Insurance & Reinsurance Services Ltd		United Kingdom	Insurance consultancy and related services	100,00%
Euroarab Management Ltd		Cyprus	Insurance consultancy and related services	100,00%
Market Insurance Brokers Holdings Ltd		Cyprus	Investment Holding	96,14%
Market Insurance Brokers Ltd		United Kingdom	Reinsurance Broker	100,00%
World Trade Centers Holdings (Cyprus) Ltd		Cyprus	Services	100,00%
World Trade Center (Cyprus) Ltd		Cyprus	Development and marketing of the WTC name in Cyprus	100,00%
World Trade Center Beirut Ltd		Lebanon	Development and marketing of the WTC name in Lebanon	100,00%
World Trade Centers Saudi Co Ltd		Saudi Arabia	Sale and leasing of properties	100,00%
World Trade Center Algeria Ltd		Algeria	Sale and leasing of properties	100,00%
Signature Holding (Cyprus) Ltd		Cyprus	Provision of Training services	100,00%
Tradecard Holding (Cyprus) Ltd		Cyprus	Provision of hosted technology, online services and a global	100,00%
Trust Holdings Ltd		Cyprus	Investment Holding	100,00%
Compass Insurance S.A.L.		Lebanon	Insurance	90,00%
Trust Algeria Investment Company		Algeria	Holding Investment	66,95%
Trust Algeria Assurances Reassurances		Algeria	Ins. & Reins.	77,45%
Trust Real Estate		Algeria	Real Estate	57,00%
Trust Industry		Algeria	Manufacturing	64,00%
Eurl Briqueterie Sbtm		Algeria	Manufacturing	64,00%
Eurl Sprh Hadjout Briqueterie		Algeria	Manufacturing	64,00%
Trust Bank Algeria		Algeria	Banking	40,63%
Trust Yemen Insurance & Reinsurance Co. (Y.S.C)		Yemen	Insurance	75,00%
Trust International Insurance Co. Plc. (Palestine)	(i)	Palestine	Insurance	44,62%
Trust House Insurance Co.	(ii)	Iraq	Insurance	49,00%

#### Note:

(i) The Group does not own more than 50% of the equity shares of Trust International Insurance Co. Plc. Palestine and consequently does not control more than 50% of the voting power of those shares. However,



# NEST INVESTMENTS (HOLDINGS) LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

it has the power to exercise control over the company via its shareholder who controls directly such % to bring the total over the 50% level. The remaining shareholding % is held by non-related parties.

(ii) Although the Group does not own more than 50% of the equity shares of Trust House Insurance Co., it has the power to exercise control over the company via other shareholdings and therefore it is consolidated as a subsidiary. The remaining shareholding % is held by non-related parties.

### 26. Related Party Transactions

The amounts due from/ to related companies represent balances from associate companies, companies related to the ultimate holding company and from other entities in which the group has an interest as well as reconciling items between the group companies.

#### a) Balances with related parties included in the consolidated statement of financial position:

	June 2014 US\$ '000	December 2013 US\$ '000
Payable to Jordanian Expatriates Financial Brokerage	46	8
(Receivable)/ payable (from)/ to Qatar General Insurance and Reinsurance	(2,359)	3,165
	<u>(2,313)</u>	<u>3,173</u>

#### b) Key Management Personnel Compensation

	June 2014 US\$ '000	December 2013 US\$ '000
Salaries	152	554
Other short-term employment benefits	18	180
	<u>170</u>	<u>734</u>

The key management personnel comprises of the Board of Directors.