



TRUST HOLDING LIMITED

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

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

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**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
Transfer from consolidated insurance revenue account		2,774	3,301
Interest income - banking operations	10	14,017	10,765
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	1,996	1,406
Other income		1,850	1,844
Credit loss expense - banking operations		(778)	(1,039)
Administrative expenses	9	(10,936)	(10,228)
Net finance income/ (expense)		709	409
Profit from operations		13,820	16,720
Share of profit of associate's		-	584
Profit for the year before tax		16,594	20,605
Income tax expenses	13	(4,150)	(5,287)
Net profit for the year		12,444	15,318
Other comprehensive income			
<i>To be reclassified to profit or loss in subsequent periods:</i>			
Available for sale investments fair value gain, net of tax		610	315
Exchange difference		(10,816)	(18,488)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(10,206)	(18,173)
<i>Not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of property, net of tax		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income		(10,206)	(18,173)
Total comprehensive income for the year		2,238	(2,855)
Total Comprehensive income for the year attributable to:			
Equity holders of the parent		(303)	(4,395)
Non controlling interest		2,541	1,541
		2,238	(2,855)

**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		80,520	77,120
Outward reinsurance premium		(36,210)	(35,181)
Retained premium		44,310	41,939
Change in unearned premiums		(8,230)	(8,152)
Net earned premium	7	36,080	33,787
Gross claims paid	8(a)	(27,361)	(33,081)
Claims recovered from reinsurers	8(b)	6,816	16,385
Change in provision for outstanding claims - gross		(2,351)	(3,362)
Change in provision for outstanding claims - reinsurance		612	845
Change in IBNR		(489)	(984)
Claims and related expenses	8(d)	(22,774)	(20,196)
Commissions and taxes paid		(6,405)	(5,839)
Commissions and taxes received from reinsurers		3,346	3,043
Interest on premium reserve - reinsurance		(34)	(10)
Change in deferred acquisition cost – gross		(131)	132
Change in unexpired risk reserves		10	-
Acquisition costs, commissions and taxes		(3,213)	(2,674)
Gross underwriting profit		10,093	10,916
Operating expenses		(7,320)	(7,616)
Transfer to consolidated statement of comprehensive income	6	2,774	3,301

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

		Unaudited 30 June 2014 US\$ '000	Audited 31 December 2013 US\$ '000
	Notes		
Assets			
Goodwill		258	258
Intangible assets		–	88
Property and equipment	14	185,534	176,249
Investment properties	15	1,702,436	1,698,988
Investment in associates	16	5,968	5,968
Loans and advances to banking customers	17(a)	321,450	334,183
Other financial assets	17(b)	40,146	44,227
Reinsurance assets	23	51,780	46,487
Insurance receivables		4,285	4,238
Gross deferred acquisition cost		1,675	1,781
Other assets	19	122,240	84,210
Accounts receivable	18	79,971	50,476
Due from banks - banking operations		46,392	53,899
Cash and cash equivalents	20	80,595	59,830
Total assets		<u>2,642,731</u>	<u>2,560,881</u>
Equity			
Share capital	21(a)	200,000	200,000
Reserves	21(b)	827,714	828,823
Equity attributable to equity holders of the parent		<u>1,027,714</u>	<u>1,028,823</u>
Non-controlling interest		706,466	722,513
Total equity		<u>1,734,180</u>	<u>1,751,336</u>
Liabilities			
Bank loans		6,954	8,807
Due to related parties	26	8,823	8,823
Banking customer deposits	22	282,851	262,898
Due to banks		2,588	2,376
Insurance contract liabilities	23	119,209	103,980
Reinsurance balances payable		32,896	20,386
Trade creditors and other liabilities	24	452,327	401,833
Bank overdraft		2,904	444
Total Liabilities		<u>908,551</u>	<u>809,545</u>
Total equity and liabilities		<u>2,642,731</u>	<u>2,560,881</u>

Kamel Abu Nahl
Chairman and CEO

Mehran Eftekhari
Director

17 October 2014

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

	Equity attributable to equity holders of the parent												
	Share capital	Share premium	Merger reserve	Statutory reserve	Optional reserve	General banking risks reserve	Property revaluation reserve	Investment revaluation reserve	Exchange difference reserve	Retained earnings	Total	Non-controlling interest	Total equity
	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
At 1 January 2013	5,000	195,000	(10,803)	7,358	2,765	3,749	10,851	5,790	(28,917)	876,920	1,067,712	762,393	1,830,105
Prior year adjustments	-	-	-	-	31	-	-	-	-	(1,026)	(995)	-	(995)
Revised opening balance 1 January 2013	5,000	195,000	(10,803)	7,358	2,796	3,749	10,851	5,790	(28,917)	875,893	1,066,717	762,393	1,829,110
Profit for the year	-	-	-	-	-	-	-	-	-	6,769	6,769	8,549	15,318
Other comprehensive income / (loss)	-	-	-	-	-	-	-	140	(11,305)	-	(11,165)	(7,008)	(18,173)
Total comprehensive income	5,000	195,000	(10,803)	7,358	2,796	3,749	10,851	5,930	(40,222)	882,662	1,062,322	763,934	1,826,255
Dividends	-	-	-	-	-	-	-	-	-	(10,729)	(10,729)	(7,211)	(17,941)
Transfer to statutory and optional reserve	-	-	-	827	299	-	-	-	-	(1,126)	-	-	-
General banking risks reserve	-	-	-	-	-	1,137	-	-	-	(1,233)	(96)	96	-
At 30 June 2013	5,000	195,000	(10,803)	8,185	3,095	4,886	10,851	5,930	(40,222)	869,574	1,051,496	756,818	1,808,314
At 1 January 2014	5,000	195,000	(10,803)	8,384	3,207	2,119	10,851	6,808	(34,896)	843,151	1,028,823	722,513	1,751,336
Prior year adjustments (Note 4)	-	-	-	-	-	-	-	(2,452)	2,452	-	-	-	-
Revised opening balance 1 January 2014	5,000	195,000	(10,803)	8,384	3,207	2,119	10,851	4,356	(32,444)	843,151	1,028,823	722,513	1,751,336
Profit for the year	-	-	-	-	-	-	-	-	-	3,944	3,944	8,500	12,444
Other comprehensive income / (loss)	-	-	-	-	-	-	-	272	(4,520)	-	(4,248)	(5,958)	(10,206)
Total comprehensive income	5,000	195,000	(10,803)	8,384	3,207	2,119	10,851	4,628	(36,964)	847,096	1,028,519	725,054	1,753,574
Dividends	-	-	-	-	-	-	-	-	-	-	-	(20,459)	(20,459)
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
At 30 June 2014	5,000	195,000	(10,803)	9,596	5,264	2,670	10,851	4,628	(36,964)	842,470	1,027,714	706,466	1,734,180

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

	Notes	Six month period ended	
		30 June 2014 US\$ '000	2013 US\$ '000
Cash flows from operating activities:			
Net (loss)/ profit before taxation		16,594	20,605
Adjustments for:			
Depreciation of PPE	14	6,594	6,594
Net share in associates results		-	(584)
Credit loss (income)/ expense		778	1,039
Operating profit before working capital changes		23,966	27,654
Increase/ (decrease) in operating assets and liabilities:			
Accounts receivable and prepayments		(29,496)	(25,842)
Loans and advances to banking customers		11,954	(77,102)
Gross deferred acquisition cost		106	(106)
Reinsurers' share of insurance contract liabilities		(5,294)	(7,665)
Insurance receivables		(47)	(3,432)
Other assets		(38,030)	12,984
Due from banks		7,507	36,800
Trade creditors and other liabilities		50,494	(27,890)
Reinsurers' balances payable		12,510	12,848
Insurance contract liabilities		15,230	18,443
Banking customer deposits		19,953	39,585
Due to banks		212	10,536
Cash from operations		69,064	16,814
Income tax		(4,150)	(5,287)
Net cash flows from operating activities		64,915	11,528
Cash flows from investing activities			
Acquisition of property and equipment	14	(31,662)	(31,662)
Disposal of intangibles		88	-
Proceeds from sale of property and equipment		11,706	11,706
Acquisition of securities	17	(9,051)	(9,051)
Disposal of securities	17	8,880	8,880
Maturities of securities	17	3,375	11,755
Acquisition of investment properties	15	(8,192)	(8,192)
Increase/ (decrease) in long term deposits		107	(16,211)
Net cash (used in) investing activities		(24,750)	(28,826)
Cash flows from financing activities			
Repayment of Bank loan		(1,853)	(353)
Dividends paid		(20,459)	-
Net cash (used in) financing activities		(22,312)	(353)
Foreign Exchange gains		345	(6,767)
Net increase/ (decrease) in cash and cash equivalents		18,198	(24,419)
Cash and cash equivalents at beginning of year		41,557	53,243
Cash and cash equivalents at end of year	20	59,755	28,824

1. Corporate Information

The interim condensed consolidated financial statements of Trust Holding 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 Cyprus on 20 March, 2007 as a private limited liability Company under the provisions of the Cyprus Companies Law Cap. 113. Its registered office is located at 284 Arch. Makarios III Avenue, Fortuna Court, Block B, 2nd floor, 3105 Limassol, Cyprus.

The principal activities of the Group are the provision of investment, insurance, real estate and banking services, as well as the provision of corporate and consultancy services to other group companies.

The Company is a 100% owned subsidiary of the ultimate holding company of the Nest Group, Nest Investments (Holdings) Limited (the “Ultimate Holding company”), a company incorporated in Jersey, Channel Islands.

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 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The interim condensed consolidated financial statements have been prepared on a historical cost basis except for investment properties, own use properties and those financial assets that have been measured at fair value.

Statement of Compliance

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

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.

Functional and Presentation Currency of Financial Statements

The financial statements are presented in United States Dollars (US\$) which is the functional and presentation currency of the Company.

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 income statement in the periods in which they become known.

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, 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 income statement. 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 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.

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 income statement. 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.

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
Insurance	2,403	2,941
Investment	275	1,203
Banking	10,218	11,342
Manufacturing	(452)	(167)
	12,444	15,318

6. Life and Non-Life Insurance Business

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

2014 June	Motor	Life	Marine	Fire	Engine- ring	Medical	Travel	Other	Decennial Liability	Natural catastro- phy	Workmen Compensa- tion & Third Party Liability	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
Gross written premium	21,267	3,109	3,569	8,401	13,715	20,511	34	2,411	483	285	3,586	3,147	80,520
Outward reinsurance premium	(1,291)	(2,094)	(2,535)	(5,867)	(12,960)	(5,923)	(34)	(1,190)	(308)	(178)	(774)	(3,056)	(36,210)
Retained premium	19,976	1,015	1,034	2,534	756	14,589	1	1,220	175	107	2,812	91	44,310
Change in unearned premiums	(737)	(198)	(112)	(702)	(143)	(5,844)	-	(24)	(88)	(26)	(356)	-	(8,230)
Net earned premium	19,239	817	922	1,833	612	8,745	1	1,196	87	81	2,456	91	36,080
Gross claims paid	(12,888)	(264)	(276)	(2,774)	(508)	(8,290)	-	(951)	-	-	(1,283)	(126)	(27,361)
Claims recovered from reinsurers	1,272	277	234	2,181	454	1,789	-	291	-	-	192	126	6,816
Change in provision for outstanding claims - gross	(1,183)	33	(713)	238	(127)	(550)	-	169	(2)	-	(216)	-	(2,351)
Change in provision for outstanding claims - reinsurance	506	(33)	525	(433)	51	133	-	(39)	-	-	(98)	-	612
Net IBNR (Pure)	(471)	-	10	33	11	(148)	-	68	-	-	208	-	(289)
Net IBNER	(131)	-	(21)	23	(4)	-	-	-	-	(67)	1	-	(199)
Change in IBNR	(602)	-	(11)	56	6	(148)	-	68	-	(67)	209	-	(489)
Claims and related expenses	(12,894)	13	(242)	(732)	(124)	(7,066)	-	(463)	(2)	(67)	(1,196)	-	(22,774)
Commissions and taxes paid	(2,979)	(148)	(149)	(860)	(332)	(1,264)	(4)	(347)	(57)	(14)	(251)	-	(6,405)
Commissions and taxes received from reinsurers	2	29	497	1,368	926	111	21	155	51	17	112	57	3,346
Interest on premium reserve - reinsurance	-	-	(7)	(23)	(4)	-	-	-	-	-	-	-	(34)
Change in deferred acquisition cost - gross	34	-	(10)	41	-	(203)	-	7	-	-	-	-	(131)
Change in unexpired risk reserves	(23)	-	(4)	(6)	-	(36)	-	79	-	-	-	-	10
Acquisition costs, commissions and taxes	(2,965)	(119)	327	521	590	(1,392)	17	(105)	(6)	2	(139)	57	(3,213)
Gross underwriting profit	3,379	711	1,007	1,621	1,078	287	18	628	79	16	1,121	149	10,093
Operating expenses	(3,499)	(289)	(294)	(713)	(447)	(1,404)	(5)	(155)	(51)	(14)	(432)	(16)	(7,320)
Net underwriting profit	(120)	422	713	908	630	(1,117)	13	473	28	2	689	133	2,774

6. Life and Non-Life Insurance Business (continued)

2013 June	Motor US\$ '000	Life US\$ '000	Marine US\$ '000	Fire US\$ '000	Enginee- ring US\$ '000	Medical US\$ '000	Travel US\$ '000	Other US\$ '000	Decennial Liability US\$ '000	Natural catastro- phy US\$ '000	Workmen Compensa- tion & Third Party	Energy US\$	Total Line of Business US\$ '000
											Liability US\$ '000		
Gross written premium	22,685	1,423	2,559	5,846	7,299	13,297	33	16,406	478	227	3,728	3,003	77,120
Outward reinsurance premium	(1,586)	(728)	(1,789)	(3,826)	(6,398)	(2,745)	(32)	(13,803)	(284)	(142)	(924)	(2,923)	(35,181)
Retained premium	21,100	695	769	2,020	901	10,552	1	2,603	193	85	2,804	80	41,939
Change in unearned premiums	(2,727)	148	(48)	(231)	(324)	(4,463)	-	74	(97)	(14)	(470)	-	(8,152)
Net earned premium	18,372	843	721	1,788	577	6,089	1	2,677	97	71	2,334	80	33,787
Gross claims paid	(10,481)	(156)	(3,172)	(9,837)	(429)	(6,803)	-	(562)	(3)	-	(1,627)	(11)	(33,081)
Claims recovered from reinsurers	244	86	2,794	8,992	323	3,474	-	38	-	-	422	11	16,385
Change in provision for outstanding claims - gross	(2,059)	(14)	(550)	(707)	(546)	1,106	-	93	(3)	-	(682)	-	(3,362)
Change in provision for outstanding claims - reinsurance	245	(7)	593	891	193	(1,229)	-	(228)	6	-	380	-	845
Net IBNR (Pure)	(113)	-	2	(55)	-	(837)	-	57	-	-	(1)	-	(947)
Net IBNER	(19)	-	(16)	(3)	(1)	23	-	9	-	(30)	-	-	(36)
Change in IBNR	(132)	-	(15)	(57)	(1)	(815)	-	66	-	(30)	-	-	(984)
Claims and related expenses	(12,183)	(91)	(349)	(718)	(460)	(4,266)	-	(593)	1	(30)	(1,507)	-	(20,196)
Commissions and taxes paid	(2,920)	(148)	(187)	(672)	(274)	(925)	(5)	(412)	(59)	(11)	(227)	-	(5,839)
Commissions and taxes received from reinsurers	(2)	41	330	980	642	8	19	816	47	13	91	57	3,043
Interest on premium reserve - reinsurance	-	-	(1)	(7)	(2)	-	-	-	-	-	-	-	(10)
Change in deferred acquisition cost - gross	42	-	4	29	-	92	-	(35)	-	-	-	-	132
Acquisition costs, commissions and taxes	(2,880)	(107)	146	330	366	(825)	15	369	(12)	1	(136)	57	(2,674)
Gross underwriting profit	3,309	646	517	1,401	483	999	16	2,454	85	42	691	137	10,916
Operating expenses	(2,767)	(226)	(472)	(864)	(535)	(1,690)	(5)	(239)	(112)	(58)	(609)	(40)	(7,616)
Net underwriting profit	542	420	45	537	(52)	(691)	11	2,215	(27)	(16)	82	97	3,301

7. Net Earned Premiums

	Six month period ended	
	30 June	
	2014	2013
	US\$ '000	US\$ '000
Gross premiums on insurance contracts		
Life Insurance	3,109	1,423
Non-Life Insurance	77,410	75,697
Gross written premium	80,520	77,120
Change in unearned premiums provision	(13,379)	(14,738)
Total gross premiums	67,141	62,382
Premiums ceded to reinsurers on insurance contracts		
	2014	2013
	US\$ '000	US\$ '000
Life Insurance	(2,094)	(728)
Non-Life Insurance	(34,115)	(34,453)
Outward reinsurance premium	(36,210)	(35,181)
Change in unearned premiums provision	5,148	6,585
Total premiums ceded to reinsurers	(31,061)	(28,596)
Total net premiums	36,080	33,787

8. Net Benefits and Claims

	Six month period ended	
	30 June	
	2014	2013
	US\$ '000	US\$ '000
(a) Gross benefits and claims paid		
Life insurance	(264)	(156)
Non - life insurance	(27,097)	(32,925)
Total gross benefits and claims paid	<u>(27,361)</u>	<u>(33,081)</u>
(b) Gross ceded to reinsurers		
	2014	2013
	US\$ '000	US\$ '000
Life insurance	277	86
Non - life insurance	6,539	16,299
Total claims ceded to reinsurers	<u>6,816</u>	<u>16,385</u>
(c) Gross change in contract liabilities		
	2014	2013
	US\$ '000	US\$ '000
Life insurance	33	(14)
Non - life insurance	(2,384)	(3,347)
Change in provision for outstanding claims - gross	(2,351)	(3,362)
IBNR	(476)	(2,067)
Total gross change in contract liabilities	<u>(2,828)</u>	<u>(5,429)</u>
(d) Change in contract liabilities ceded to reinsurers		
	2014	2013
	US\$ '000	US\$ '000
Life insurance	(33)	(7)
Non - life insurance	645	852
Change in provision for outstanding claims - reinsurance	612	845
IBNR	(12)	1,084
Total change in contract liabilities ceded to reinsurers	<u>600</u>	<u>1,929</u>
Net benefits and claims	<u>(22,774)</u>	<u>(20,196)</u>

9. Other Operating and Administrative Expenses

Apportionment of overheads	Six month period ended 30 June					
	2014			2013		
	Operating	Administra -tive	Total	Operating	Administra -tive	Total
US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	
Staff Cost	4,485	4,731	9,216	4,399	4,056	8,455
Occupancy Cost	357	2,263	2,620	835	2,582	3,418
Marketing Cost	258	106	364	176	192	368
General Business Expenses	1,801	3,161	4,962	1,788	3,356	5,144
Administrative Cost	280	(28)	253	269	23	292
Financial expenses	138	704	842	148	18	166
Total expenses	7,320	10,936	18,256	7,616	10,228	17,844

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	120
Interest income - banking operations	14,017	10,765
Customer deposits	(399)	(278)
Due to banks	(103)	(38)
Net interest income - banking operations	13,515	10,449

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)
Net fee and commission income	7,465	13,880

12. Net Income and Gains from Investments

	Six month period ended	
	30 June	
	2014	2013
	US\$ '000	US\$ '000
Dividend income	643	608
Other investment income	936	525
Interest income on bonds	10	4
Profit on sale of investments	85	-
Rental income	321	268
Net Income and Gains from Investments	1,996	1,406

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
Lebanon	15%	230	130
Palestine	15%	381	452
Yemen	35%	117	64
Iraq	25%	147	-
Algeria	25%	3,275	4,640
		4,150	5,287

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
Cost					
At 1 January 2013	146,500	3,815	5,098	22,541	177,954
Additions	509	272	1,697	8,437	10,915
Disposal	(3,631)	(1,214)	(258)	(549)	(5,652)
Cost transfer to investment property	15,318	–	–	–	15,318
Exchange difference	(1,779)	(30)	(57)	(312)	(2,177)
At 31 December 2013	156,917	2,843	6,480	30,118	196,358
At 1 January 2014	156,917	2,843	6,480	30,118	196,358
Additions	16,474	414	297	14,477	31,662
Disposal	(6,090)	(82)	(279)	(6,195)	(12,646)
Transfer from investment property	883	–	–	–	883
Exchange difference	(4,314)	(54)	(144)	(1,000)	(5,512)
At 30 June 2014	163,870	3,122	6,353	37,400	210,745
Depreciation					
At 1 January 2013	4,054	1,696	3,193	7,378	16,321
Disposal	(135)	(456)	(258)	(549)	(1,398)
Charge for the year	552	433	657	3,185	4,827
Exchange difference	(25)	(16)	499	(99)	359
At 31 December 2013	4,446	1,657	4,091	9,916	20,109
At 1 January 2014	4,446	1,657	4,091	9,916	20,109
Disposal	–	(35)	(401)	(504)	(940)
Charge for the year	2,584	191	331	3,489	6,594
Exchange difference	(83)	(32)	(89)	(320)	(524)
At 30 June 2014	6,946	1,753	3,931	12,581	25,211
Net book value					
At 31 December 2013	152,472	1,187	2,389	20,202	176,249
At 30 June 2014	156,924	1,369	2,422	24,819	185,534

15. Investment Properties

	June 2014 US\$ '000	December 2013 US\$ '000
At 1 January	1,698,988	1,728,155
Additions	8,192	77,406
Fair value gains/(losses) recorded in the statement of profit or loss	-	(89,710)
Transfer to property and equipment	(883)	(15,318)
Exchange difference	(3,860)	(1,545)
At 31 December	<u>1,702,436</u>	<u>1,698,988</u>

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 income statement.

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

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 (e.g. 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.

IRR:

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

16. Investment in Associates

The Group has investments in the following associates:

	Country of incorporation/ registration	Business activity	Holding %
Trust Insurance Co. Libya	Libya	Insurance	39%
Trust Syria Insurance Company (S.A.S.C)	Syria	Insurance	32%

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.

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)
	321,450	334,183

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	26,137	35,029
Total other financial assets	40,146	44,227

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	37,550	54,944
Additions	10,239	-	1,455	11,694
Disposal	-	(3,629)	(5,446)	(9,076)
Amortisation	-	-	10	10
Maturities	(14,640)	-	-	(14,640)
Fair value gain	-	-	2,024	2,024
Movement in impairment allowance	-	-	58	58
Exchange difference	(143)	(23)	(621)	(787)
At 31 December 2013	9,198	-	35,029	44,227
At 1 January 2014	9,198	-	35,029	44,227
Additions	8,546	-	505	9,051
Disposal	-	-	(8,881)	(8,880)
Amortisation	-	-	298	298
Maturities	(3,375)	-	-	(3,375)
Fair value gain	-	-	610	610
Exchange difference	(360)	-	(1,450)	(1,810)
At 30 June 2014	14,009	-	26,137	40,146

18. Accounts Receivable

	June 2014 US\$ '000	December 2013 US\$ '000
Trade accounts and premiums receivable	85,784	56,205
Less: provision for doubtful debts	<u>(5,813)</u>	<u>(5,729)</u>
	<u>79,971</u>	<u>50,476</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	5,729	5,967
Charge for the year	155	(194)
Exchange difference	<u>(71)</u>	<u>(44)</u>
At 31 December	<u>5,813</u>	<u>5,729</u>

19. Other Assets

	June 2014 US\$ '000	December 2013 US\$ '000
Other debtors and prepayments	117,727	79,736
Current income tax receivable	2,727	2,528
Deferred tax asset	<u>1,786</u>	<u>1,946</u>
Total	<u>122,240</u>	<u>84,210</u>

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

20. Bank and Cash Balances

	June 2014 US\$ '000	December 2013 US\$ '000
Cash in hand	12,458	2,166
Cash at bank	50,201	39,835
Statutory deposits	17,936	17,829
Bank and cash balances	80,595	59,830
Bank overdraft	(2,904)	(444)
Deposits with an original maturity for more than three months	(17,936)	(17,829)
Cash and cash equivalent as per statement of cash flows	59,755	41,557

21. Share Capital and Reserves

a) Share Capital

	June 2014		December 2013	
	Number of Shares '000	US\$ '000	Number of Shares '000	US\$ '000
<u>Authorised</u>				
Ordinary shares of US\$1 each	5,000	5,000	5,000	5,000
<u>Issued and fully paid</u>				
Ordinary shares of US\$1 each	5,000	5,000	5,000	5,000
Share of premium US\$39	195,000	195,000	195,000	195,000
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

b) Reserves

		June 2014 US\$ '000	December 2013 US\$ '000
Retained earnings		842,470	843,151
Statutory reserve	1	9,596	8,384
Available for sale reserves	2	4,628	6,808
Property revaluation reserve	3	10,851	10,851
Merger Reserve	5	(10,803)	(10,803)
Exchange difference reserve		(36,964)	(34,896)
Optional reserve	4	5,264	3,207
General banking risks reserve		2,670	2,119
		<u>827,714</u>	<u>828,823</u>

Notes:

1. Statutory reserves are required by local regulating 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 income statement. 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 income statement.
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. Merger reserve: On 1st January, 2008, Trust Holdings has acquired the subsidiaries held by Trust International Insurance Company Ltd, a subsidiary company of the ultimate holding company. Taking into account that this Group reorganisation did not result in effective loss of control by the existing ultimate holding company of the Group, it was concluded that this transaction was a business combination involving entities under common control, hence outside the scope of IFRS 3. Therefore, the combination was accounted for using the pooling of interests method, which gave rise to the merger reserve.
6. 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

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

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)	43,305	14,479	28,826	41,305	13,915	27,390
Provision for claims IBNR	6,305	835	5,470	6,040	844	5,196
Provision for claims IBNER	1,463	–	1,463	1,303	–	1,303
Outstanding claims provision	51,074	15,315	35,759	48,648	14,759	33,889
Provision for unearned premiums	68,054	36,466	31,588	55,104	31,591	23,513
Provision for unexpired risk reserve	82	–	82	228	137	91
Total Life and non-life insurance contract liabilities	119,209	51,780	67,429	103,980	46,487	57,493

	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	116,125	50,053	66,072	102,006	45,663	56,343
Total insurance contract liabilities	119,209	51,780	67,429	103,980	46,487	57,493

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	26,217	3,171	626	30,014	15,301	23	6,004	3	6,007	1,323	-	20,213	3,168	626	24,007	13,978	23
Life	210	6	-	216	2,868	-	146	2	148	1,579	-	64	4	-	68	1,288	-
Marine	1,471	85	49	1,605	2,549	4	978	6	985	2,182	-	493	78	49	620	367	4
Fire	3,124	273	63	3,461	5,449	6	2,007	86	2,093	3,762	-	1,117	187	63	1,367	1,687	6
Engineering	1,238	41	35	1,314	18,409	-	882	21	903	17,736	-	356	20	35	411	673	-
Medical	3,452	1,318	133	4,904	14,185	36	1,234	29	1,264	4,086	-	2,218	1,289	133	3,640	10,098	36
Travel	-	6	-	6	24	-	-	6	6	24	-	-	-	-	-	-	-
Other	2,337	171	-	2,507	2,016	13	2,070	11	2,080	959	-	267	160	-	427	1,057	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	5,246	571	16	5,833	2,132	-	1,152	7	1,158	725	-	4,094	564	16	4,674	1,408	-
Energy	-	664	-	664	2,654	-	-	664	664	2,654	-	-	-	-	-	-	-
Total Line of Business	43,305	6,305	1,463	51,074	68,054	82	14,479	835	15,315	36,466	-	28,826	5,470	1,463	35,759	31,588	82

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	25,311	2,710	508	28,529	14,771	-	5,501	3	5,504	1,385	-	19,810	2,707	508	23,025	13,386	-
Life	243	6	-	249	1,725	-	179	2	181	643	-	64	4	-	68	1,082	-
Marine	777	102	29	908	1,586	-	464	12	476	1,325	-	313	90	29	432	261	-
Fire	3,408	293	88	3,790	3,943	-	2,469	68	2,537	2,939	-	939	225	88	1,253	1,004	-
Engineering	1,131	88	32	1,251	19,105	-	844	57	901	18,559	-	287	31	32	350	546	-
Medical	2,890	1,167	138	4,195	5,633	-	1,091	27	1,118	1,422	-	1,799	1,140	138	3,077	4,211	-
Travel	-	6	-	6	24	-	-	6	6	24	-	-	-	-	-	-	-
Other	2,495	233	-	2,728	1,791	228	2,102	7	2,109	773	137	393	226	-	619	1,018	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	5,041	786	17	5,844	1,787	-	1,259	14	1,273	729	-	3,782	772	17	4,572	1,058	-
Total Line of Business	41,305	6,040	1,303	48,648	55,104	228	13,915	844	14,759	31,591	137	27,390	5,196	1,303	33,889	23,513	91

Outstanding Claims Provision

	2014 June			2013 December		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
At 1 January	41,305	13,915	27,390	38,339	14,272	24,066
Provision for the year	(25,015)	(6,204)	(18,810)	(55,691)	(25,087)	(30,604)
Claims paid during the year	27,366	6,816	20,550	58,838	24,776	34,062
Exchange difference	(351)	(47)	(304)	(181)	(46)	(135)
	43,305	14,479	28,826	41,305	13,915	27,390

Provision for Unearned Premiums

	2014 June			2013 December		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
At 1 January	55,104	31,591	23,513	47,020	26,626	20,395
Premiums written in year	80,671	36,210	44,461	127,284	57,470	69,814
Premiums earned during the year	(67,292)	(31,061)	(36,231)	(118,644)	(52,126)	(66,518)
Exchange difference	(429)	(273)	(156)	(557)	(379)	(177)
	68,054	36,466	31,588	55,104	31,591	23,513

24. Creditors, Accruals and Other Liabilities

	June 2014 US\$ '000	December 2013 US\$ '000
Trade payables	88,500	86,558
Other creditors and accrued expenses	231,682	180,438
Current income tax payable	132,144	134,837
Trade creditors and other liabilities	452,327	401,833

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

25. Group Companies

The interim condensed consolidated financial statements include the financial statements of Trust Holdings Limited and the subsidiaries listed in the following table:

	Notes	Country of Incorporation /Registration	Business Activity	Effective Holding %
Trust Compass Insurance SAL	(i)	Lebanon	Insurance	90%
Trust Algeria Investment Company	(ii)	Algeria	Holding	66.95%
Trust Algeria Assurances & Reassurances	(i)	Algeria	Insurance & Reinsurance	77.45%
Trust Real Estate	(i)	Algeria	Real Estate	57%
Trust Industry	(i)	Algeria	Holding	64%
Eurl Briqueterie Sbtm	(i)	Algeria	Manufacturing	64%
Eurl Sprh Hadjout Briqueterie	(i)	Algeria	Manufacturing	64%
Trust International Insurance Co. Plc. (Palestine)	(iii)	Palestine	Insurance	44.62%
Trust Yemen Insurance & Reinsurance Co. (Y.S.C)	(i)	Yemen	Insurance	75.00%
Trust House Insurance Co.	(iv)	Iraq	Insurance	49.00%
Trust Bank Algeria	(ii)	Algeria	Banking	40.63%

Notes:

- i. The remaining percentage of shareholding relates to the minority interest and is held by non-related parties.
- ii. The remaining percentage of shareholding relates to the minority interest which is held partially by non-related parties and partially by an Associated company of the Ultimate Holding company.

- iii. The balance of the shareholding is held by non-related parties and although the company 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, 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.
- iv. 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 percentage is held by non-related parties.

26. Related Party Transactions

The amounts due from related companies represent balances from associated 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) Transactions with related parties included in the consolidated income statement:

	June 2014 US\$ '000	December 2013 US\$ '000
Interest on loan due to parent	131	264
Internal audit fees and other expenses charged by parent	-	13
	<u>131</u>	<u>277</u>

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

	June 2014 US\$ '000	December 2013 US\$ '000
Loan due to parent company	8,823	8,823
Other payables to parent company	68,167	60,222
	<u>76,990</u>	<u>69,045</u>

The remuneration of key management personnel is covered directly by the parent company.