

TRUST INTERNATIONAL INSURANCE

COMPANY (CYPRUS) LIMITED

FINANCIAL STATEMENTS 31 DECEMBER, 2009

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

FINANCIAL STATEMENTS 31 DECEMBER, 2009

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED
DIRECTORS' REPORT
FOR THE YEAR 2009

The directors have the pleasure in enclosing the company's set of audited financial statements for the year ended 31 December, 2009.

Activities

The company's main activities during the year under review were insurance/reinsurance business as well as related consultancy services to other group companies.

Company's results

| | US\$ |
|-------------------------|----------------------|
| Balance brought forward | 4.130.828 |
| Exchange differences | (43.296) |
| Net profit for the year | 127.679.582 |
| Dividend paid | <u>(126.290.926)</u> |
| Balance carried forward | <u>5.476.188</u> |

Directors

The directors of the company are:

Mr Frixos Savvides (appointed 20/1/2009)
 Mr Aristodemos Michaelides (appointed 20/1/2009)
 Mr Kamel Abu Nahl
 Mr Chris Georgiades
 Mr Fadi Abu Nahl
 Mr Mehran Eftekhar
 Mr Jean Choueiri (resigned 20/1/2009)
 Mr Ghazi Kamel Abu-Nahl (resigned 20/1/2009)
 Mr Rawhi Terhi (resigned 20/1/2009)

Dividend

The only dividend paid by the company during the year under review was the interim dividend of US\$126.290.926 (2008, US\$24.762.113).

Auditors

A resolution will be put forward to the annual general meeting to reappoint PKF Savvides & Co Limited as auditors for the next year.

BY ORDER OF THE BOARD

Secretary

Limassol: 30 April, 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Trust International Insurance Company (Cyprus) Limited (the "Company") on pages 4 to 24, which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

Limassol office

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The list of directors' names of each firm is open for inspection at their principal place of business.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Trust International Insurance Company (Cyprus) Limited as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 1 is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Certified Public Accountants

Limassol: 30 April, 2010

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR 2009

| | <u>Note</u> | <u>2009</u> <u>US\$</u> | <u>2008</u> <u>US\$</u> |
|---|-------------|----------------------------|----------------------------|
| Transfer from Revenue account | | (2.532.235) | (625.579) |
| Other income | 3 | <u>130.821.752</u> | <u>9.204.903</u> |
| | | 128.289.517 | 8.579.324 |
| Non-operating expenses | 21 | (587.506) | (455.146) |
| Financial expenses | | <u>(22.401)</u> | <u>(635.535)</u> |
| Profit for the year before taxation | 4 | 127.679.610 | 7.488.643 |
| Taxation | 5 | (28) | (17.645) |
| Net profit for the year | | <u>127.679.582</u> | <u>7.470.998</u> |
| Other comprehensive income | | | |
| Available for sale investments – fair value gain/(loss) | | (114.434) | (9.896.533) |
| Available for sale investments – loss transferred to profit due to disposal | | - | (2.776.396) |
| Revaluation of building per IAS40 | | <u>273.309</u> | <u>1.355.341</u> |
| Other comprehensive income/(expense) | | <u>158.875</u> | <u>(11.317.588)</u> |
| Total comprehensive income/(loss) for the year | | <u>127.838.457</u> | <u>(3.846.590)</u> |

The accompanying notes on pages 9 to 24 form part of these financial statements.

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

REVENUE ACCOUNT FOR THE YEAR 2009

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Insurance revenue: | | |
| Gross premiums written | 36.807.899 | 26.021.888 |
| Less: Ceded premiums | <u>(34.596.315)</u> | <u>(25.483.717)</u> |
| Net premium written | 2.211.584 | 538.171 |
| Change in net unearned premiums | <u>(1.422.092)</u> | <u>(63.733)</u> |
| Net earned premiums | 789.492 | 474.438 |
| Net commission earned | 762.399 | 853.984 |
| Policy fees | <u>139.068</u> | <u>26.737</u> |
| Insurance revenue | <u>1.690.959</u> | <u>1.355.159</u> |
| Cost of insurance revenue: | | |
| Net incurred claims | 723.448 | 347.804 |
| Provision for unexpired risk | 493.466 | - |
| Net taxes and fees | 3.161 | 2.653 |
| Net interest on premium reserve | <u>2.749</u> | <u>1.439</u> |
| Insurance cost | <u>(1.222.824)</u> | <u>(351.896)</u> |
| Operating expenses | <u>(3.000.370)</u> | <u>(1.628.842)</u> |
| Net underwriting loss | <u>(2.532.235)</u> | <u>(625.579)</u> |

The accompanying notes on pages 9 to 24 form part of these financial statements.

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2009

| | <u>Note</u> | <u>2009</u> <u>US\$</u> | <u>2008</u> <u>US\$</u> |
|--|-------------|----------------------------|----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible Assets | 6 | 114.246 | - |
| Property and equipment | 7 | 7.090.382 | 6.647.871 |
| | | <u>7.204.628</u> | <u>6.647.871</u> |
| Current assets | | | |
| Investments | 8 | 7.290.576 | 7.013.309 |
| Accounts receivable and prepayments | 9 | 768.404 | 608.348 |
| Premiums receivable | | 5.432.928 | 4.670.303 |
| Reinsurers' balances receivable | | 597.408 | 855.875 |
| Bank and cash balances | 10 | 2.095.647 | 2.912.721 |
| Taxation | 11 | - | 14.146 |
| Reinsurers' share of technical reserves | 17 | 44.631.037 | 24.330.700 |
| Related companies | | <u>2.162.907</u> | - |
| | | <u>62.978.907</u> | <u>40.405.402</u> |
| Total assets | | <u>70.183.535</u> | <u>47.053.273</u> |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Share capital | 12 | 30.312.500 | 30.312.500 |
| Share premium | 13 | 2.132.500 | 2.132.500 |
| Provision for reduction of share capital | | (20.445.000) | (20.445.000) |
| Retained earnings | 14 | 5.476.188 | 4.130.828 |
| Investment revaluation reserve | 15 | (6.114.417) | (5.999.983) |
| Property revaluation reserve | 16 | 3.008.775 | 2.735.466 |
| Exchange difference reserve | | <u>(212.994)</u> | - |
| | | <u>14.157.552</u> | <u>12.866.311</u> |
| Non-current liabilities | | | |
| Income received in advance | | <u>2.248.026</u> | <u>2.215.833</u> |
| Current liabilities | | | |
| Creditors, accruals and provisions | | 3.086.377 | 3.310.045 |
| Taxation | 11 | 19.897 | 11.079 |
| Related companies | | - | 114.047 |
| Reinsurers' balances payable | | 3.063.874 | 3.537.113 |
| Gross technical reserves | 17 | <u>47.607.809</u> | <u>24.998.845</u> |
| | | <u>53.777.957</u> | <u>31.971.129</u> |
| Total equity and liabilities | | <u>70.183.535</u> | <u>47.053.273</u> |

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30 April, 2010

The accompanying notes on pages 9 to 24 form part of these financial statements.

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR 2009

| | <u>Share Capital</u> US\$ | <u>Provision for the reduction of share capital</u> US\$ | <u>Retained Earnings</u> US\$ | <u>Investment Revaluation Reserve</u> US\$ | <u>Share Premium</u> US\$ | <u>Property Revaluation Reserve</u> US\$ | <u>Exchange Difference Reserve</u> US\$ | <u>Total</u> US\$ |
|--|----------------------------------|---|--------------------------------------|---|----------------------------------|---|--|----------------------|
| Balance 1 January, 2009 | 30.212.500 | - | 21.366.363 | 6.672.946 | 2.132.500 | 1.380.125 | - | 61.764.434 |
| Issue of share capital | 100.000 | - | - | - | - | - | - | 100.000 |
| Total comprehensive income | - | - | 7.470.998 | (12.672.929) | - | 1.355.341 | - | (3.846.590) |
| Exchange differences | - | - | 55.580 | - | - | - | - | 55.580 |
| Dividend paid | - | - | (24.762.113) | - | - | - | - | (24.762.113) |
| Provision for reduction of share capital | - | (20.445.000) | - | - | - | - | - | (20.445.000) |
| Balance 31 December, 2009 | <u>30.312.500</u> | <u>(20.445.000)</u> | <u>4.130.828</u> | <u>(5.999.983)</u> | <u>2.132.500</u> | <u>2.735.466</u> | <u>-</u> | <u>12.866.311</u> |
| Balance 1 January, 2009 | 30.312.500 | (20.445.000) | 4.130.828 | (5.999.983) | 2.132.500 | 2.735.466 | - | 12.866.311 |
| Total comprehensive income | - | - | 127.679.582 | (114.434) | - | 273.309 | - | 128.838.457 |
| Dividend paid | - | - | (126.290.926) | - | - | - | - | (126.290.926) |
| Exchange differences | - | - | (43.296) | - | - | - | (212.994) | (256.290) |
| Balance 31 December, 2009 | <u>30.312.500</u> | <u>(20.445.000)</u> | <u>5.476.188</u> | <u>(6.114.417)</u> | <u>2.132.500</u> | <u>3.008.775</u> | <u>(212.994)</u> | <u>14.157.552</u> |

From 1 January, 2003 companies, which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of those profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year during the following two years. This special contribution for defence is payable for the account of the shareholders.

The accompanying notes on pages 9 to 24 form part of these financial statements.

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**CASH FLOW STATEMENT FOR THE YEAR 2009**

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Net profit before taxation | 127.679.610 | 7.488.643 |
| Adjustments for: | | |
| Profit on fixed assets sold | (5.193) | (58) |
| Depreciation | 167.319 | 197.345 |
| Amortisation | 6.106 | - |
| Profit from sale of investment | (126.290.926) | (5.810.510) |
| Increase in provision for outstanding claims (net) | 237.160 | 192.399 |
| Increase in reserve for unearned premium (net) | 1.432.695 | 62.335 |
| Increase in other technical provisions | 638.772 | - |
| Exchange differences | <u>104.297</u> | <u>55.344</u> |
| Operating profit before working capital changes | 3.969.840 | 2.185.498 |
| Accounts receivable and prepayments | (160.056) | 359.197 |
| Premiums receivable | (762.625) | (2.490.805) |
| Creditors, accruals and provisions | (223.668) | 1.374.322 |
| Reinsurance balances | (214.772) | (1.191.169) |
| Related companies | <u>(2.276.954)</u> | <u>(296.912)</u> |
| Cash (used in)/generated from operations | 331.765 | (59.869) |
| Income tax paid and exchange difference | <u>22.936</u> | <u>(5.462)</u> |
| Cash flows (used in)/generated from operating activities | <u>354.701</u> | <u>(65.331)</u> |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (517.967) | (281.842) |
| Proceeds from sale of fixed assets | 5.642 | 179.187 |
| Proceeds from sale of investments | - | 76.039.844 |
| Purchase of investments (net) | <u>(478.649)</u> | <u>(10.553.769)</u> |
| Net cash used in investing activities | <u>(990.974)</u> | <u>65.383.420</u> |
| Cash flows from financing activities | | |
| Exchange difference | (212.994) | - |
| Deposit for issuance of share capital | - | (2.500.000) |
| Dividends paid | - | (24.762.113) |
| Shareholder's loans | - | (17.730.034) |
| Income received in advance | 32.193 | 677.556 |
| Issuance of share capital | - | 100.000 |
| Provision for reduction of share capital | - | <u>(20.445.000)</u> |
| Net cash generated from financing activities | <u>(180.801)</u> | <u>(64.659.591)</u> |
| Net increase/(decrease) in cash and cash equivalents | (817.074) | 658.498 |
| Cash and cash equivalents at beginning of year | <u>2.912.721</u> | <u>2.254.223</u> |
| Cash and cash equivalents at end of year (note 10) | <u>2.095.647</u> | <u>2.912.721</u> |

The accompanying notes on pages 9 to 24 form part of these financial statements.

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009

1. General information

The company was incorporated in Cyprus on 5 December, 1990 as a limited liability company in accordance with the provisions of the Cyprus Companies Law Cap. 113. The main activity of the company is carrying out insurance/reinsurance business as well as providing related consultancy services to other group companies. The company operates from Cyprus and has a branch in Amman, Jordan.

The average number of employees during the year was 55 (2008 was 45).

2. Summary of significant accounting policies

The most important accounting policies that are followed by the company are shown below for the purposes of a better understanding and evaluation of the financial statements:

a) General

The financial statements have been prepared in accordance with International Financial Reporting Standards and the provisions of Companies Act Chapter 113, and are stated in U.S. Dollars which is the company's functional currency.

The accounting policies remained unchanged since the formation of the company, with the exception of Investments, Land and Buildings and Unearned Premium reserve. The financial statements have been prepared under the historical cost convention except for available for sale investments, investment property and building and land which are stated at fair value.

b) Premiums

Premium income is recognised when Technical Reinsurance accounts or policy debit notes and/or cover notes are issued for contracts incepting in the financial year as well as adjustments arising in the current financial year for premiums receivable relating to business written in previous financial years.

c) Reinsurance

The reinsurance programme consists of proportional and non proportional treaties. The accounting for premiums due and claim recoveries is carried out periodically for proportional treaties. The premium due for non proportional cover is booked on the due date while claims recovery is accounted as and when the priority is exceeded, taking outstanding claims reserve, if any, into account.

Reinsurance premiums ceded and reinsurance recoveries on claims incurred are deducted from the gross premiums written and claims costs respectively.

The company enters into contracts with other reinsurers for minimizing its financial exposure from large claims.

This arrangement results in reinsurance assets and liabilities which include amounts recoverable from reinsurance companies for paid and unpaid losses, ceded unearned premiums and reinsurance balances payable.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009**

Amounts due to reinsurers are calculated in a manner consistent to the relative reinsurance contract.

Amounts recoverable from reinsurers are calculated with reference to the claims liabilities associated with the reinsured risk.

Ceded premiums are recognised in the revenue account over the period that coverage is provided.

d) Net commission earned

This represents net commission earned on accepted and ceded reinsurance and profit commission received from reinsurers on previous underwriting years in accordance with treaty conditions. Commissions earned and paid are recognised when the Treaty Reinsurance accounts or policy debit notes are issued.

e) Technical reserves**i) Outstanding claims reserve**

The Outstanding Claims Reserve is made up of:

- Case Reserves
- Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) reserves.

Case reserves consist of the sum of reserves held for all outstanding cases, case by case, that are still outstanding. Full provision is made in outstanding claims for the estimated cost of all claims notified but not settled at the date of the balance sheet, using the best information available at the time.

IBNR reserve and IBNER reserve are held for any excess over the case reserves and the estimated ultimate cost of all claims using various actuarial, statistical and individual assessment techniques. The IBNR element is made up of provisions for claims that were incurred but not reported (IBNR) by the valuation date using statistical methods that incorporate historical data analysis, quantitative and qualitative information and management and actuarial valuation of reserves.

Any differences between the estimated cost and subsequent settlement of claims are included in the revenue account of the year of settlement. Subsequent re-estimations are dealt with in the same manner.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009

ii) Unearned premium

Unearned premiums are those proportions of the premiums accounted for in the financial year, but relate to periods of risks that extend beyond the end of the financial year. These premiums are calculated using the 1/24th method. For facultative business the company used the 1/365th method.

f) Claims paid

Claims paid represent amounts settled during the year arising either from events during the year or prior years and are charged to the revenue account as incurred net of any recoveries.

g) Liability Adequacy Test

At each balance sheet date, a liability adequacy test is performed, to ensure the adequacy of unearned premiums net of related deferred acquisition costs and outstanding claims reserve. Any inadequacy is immediately charged to the income statement by establishing an unexpired risk provision.

h) Salvage, subrogation and other recoveries from third parties

When the salvage amount is known at the time of claims settlement, the same is deducted from the claim amount and the net amount is credited to the reinsured. If salvage recovery is done later, the amount is credited to the claims paid account by charging the reinsured account. As subrogation and other recoveries will take place after claims settlement, they are treated as above.

The corresponding refund to the reinsurers is recorded simultaneously with the accounting of recoveries for salvage, subrogation and other recoveries from third parties.

i) Property and equipment

Items of own use property and equipment are stated at cost less accumulated depreciation except for land and building, which as from the current year are stated at fair value based on professional valuation by independent external Valuers.

On revaluation, any increase in the carrying amount of the asset is carried in the Statement of changes in equity, under Property Revaluation Reserve and any decrease is recognised as an expense, except to the extent that it reverses a previous increase recognised in equity. The balance in the property revaluation reserve is transferred to the general reserve upon sale of property and realization of profit.

Depreciation on revalued buildings is charged to the income statement. The directors have decided to revalue the building and land annually towards the end of each year, therefore no depreciation will be charged.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost, other than land and properties, over the estimated useful lives, using the straight line method.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009****i) Property and equipment (cont'd)**

The depreciation rates calculated based on the expected useful life of the assets are as follows:

| | % |
|-----------------------------------|-------------|
| Land is not depreciated | |
| Motor vehicles | 15 |
| Furniture, fittings and equipment | 10 |
| Computer hardware and software | 20 – 33 1/3 |

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

j) Intangible Assets

These represent signing bonuses paid to agents and brokers and as per the company's management are written off over a period of 8 years.

k) Impairment of tangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) and a provision is taken in respect to the particular asset to the extent of the excess of its current amount as compared to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount the carrying amount of asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009

l) Foreign currencies

The financial statements are expressed in United States dollars.

Current assets and liabilities of the company other than in United States dollars are translated at the rate of exchange ruling at the balance sheet date.

Transactions during the year other than in United States dollars are translated at the rate of exchange ruling on the dates when they occur.

Differences on exchange are included in the income statement.

The company's local operations are accounted for using the Euro. All balances at year end are translated to United States dollars which is the company's functional currency.

Balance sheet items are translated using the year end exchange rate while income statement items are based on average rate of exchange. The resulting exchange difference is transferred directly to the Retained Earnings.

m) Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value. Investment in subsidiaries and associates are stated at cost unless there is an impairment in value. Any such impairment is recognised directly in the income statement.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking;

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in the income statement. Fair value is determined in the manner described in note 24 (b)

Held-to-maturity investments

Debt securities with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009****m) Financial assets (cont'd)**AFS financial assets

Listed shares held by the company that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 24 (b). Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses which are recognised directly in the income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in the income statement for the period.

Dividends on AFS equity instruments are recognised in the income statement when the company's right to receive payments is established.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at cost less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009****n) Financial liabilities and equity instruments issued by the Company****Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

o) Deferred acquisition costs

Policy acquisition costs which relate to periods of risk that extend beyond the end of the financial year are reported as deferred acquisition costs.

p) Bank and cash balances

Bank and cash balances comprise of cash balances and bank deposits with maturity not more than one month.

q) Accounts receivables/reinsurance, balances

These receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the value of estimated future cash flows.

r) Account payables

Account payables are initially measured at fair value, and subsequently measured at cost.

s) Contingent liabilities

Contingent liabilities are disclosed if their confirmation or loss is considered possible from future events.

t) Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

u) Borrowing costs

All borrowing costs are charged to the income statements in the period in which they have incurred.

v) Dividend

Dividends are recognised as a liability in the year in which they are declared.

...../

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009****3. Other income**

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Fees | 3.804.259 | 1.936.364 |
| Interest | 8.020 | 18.275 |
| Dividend | 320.980 | 1.036.522 |
| Gain on fixed assets sold | 5.193 | 58 |
| Profit on sale of investments (note) | 126.290.926 | 5.810.510 |
| Exchange profit | 363.582 | 403.174 |
| Other income | <u>28.792</u> | <u>-</u> |
| | <u>130.821.752</u> | <u>9.204.903</u> |

Note: The amount relates to an adjustment in the price of last year's sale of the subsidiaries to a group company which was decided during the current year.

4. Profit for the year

Profit for the year is arrived at after charging the following:

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|---------------------------|-----------------------------------|-----------------------------------|
| Directors' remuneration | 64.027 | 59.667 |
| Depreciation | 167.320 | 197.346 |
| Amortisation | 6.106 | - |
| Bank charges and interest | 22.401 | 635.535 |
| Auditors' remuneration | <u>11.500</u> | <u>14.100</u> |

5. Taxation

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|----------------------|-----------------------------------|-----------------------------------|
| Income tax | - | 15.817 |
| Defence contribution | <u>28</u> | <u>1.828</u> |
| | <u>28</u> | <u>17.645</u> |

The company is liable to income tax at 10% on its taxable profits.

6. Intangible Assets

| | US\$ |
|------------------------|----------------|
| Cost | |
| Additions | 120.397 |
| At 31 December, 2009 | <u>120.397</u> |
| Amortization | |
| Charge for the year | 6.106 |
| Exchange difference | 45 |
| At 31 December, 2009 | <u>(6.151)</u> |
| Carrying amount | |
| At 31 December, 2009 | <u>114.246</u> |
| |/ |

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009

7. Property and equipment

| | <u>Land Buildings</u> US\$ | <u>Motor Vehicles</u> US\$ | <u>Computer Hardware and Software</u> US\$ | <u>Furniture Fittings and Office Equipment</u> US\$ | <u>Total</u> US\$ |
|----------------------------------|-----------------------------------|-----------------------------------|---|--|----------------------|
| Cost | | | | | |
| At 1 January, 2008 | 4.820.682 | 370.066 | 519.759 | 237.048 | 5.947.555 |
| Additions | - | 10.719 | 265.361 | 5.762 | 281.842 |
| Disposals | - | (51.549) | (258.073) | - | (309.622) |
| Revaluation of land and building | 1.355.341 | - | - | - | 1.355.341 |
| Exchange difference | - | (3.362) | (8.134) | (2.687) | (14.183) |
| At 1 January, 2009 | <u>6.176.023</u> | <u>325.874</u> | <u>518.913</u> | <u>240.123</u> | <u>7.260.933</u> |
| Additions | 77.234 | 106.781 | 123.404 | 90.151 | 397.570 |
| Disposals | - | (24.141) | - | - | (24.141) |
| Written off | - | - | - | (3.249) | (3.249) |
| Revaluation of land and building | 273.309 | - | - | - | 273.309 |
| Exchange difference | (61.069) | 1.007 | 858 | 1.432 | (57.772) |
| At 31 December, 2009 | <u>6.465.497</u> | <u>409.521</u> | <u>643.175</u> | <u>328.457</u> | <u>7.846.650</u> |
| Depreciation | | | | | |
| At 1 January, 2008 | - | (212.474) | (252.892) | (95.263) | (560.629) |
| Charge for the year | - | (41.057) | (133.142) | (23.146) | (197.345) |
| Disposals | - | 37.373 | 93.120 | - | 130.493 |
| Exchange difference | - | 2.111 | 11.253 | 1.055 | 14.419 |
| At 1 January, 2009 | - | (214.047) | (281.661) | (117.354) | (613.062) |
| Charge for the year | (639) | (40.364) | (97.864) | (28.452) | (167.319) |
| Disposals | - | 24.141 | - | - | 24.141 |
| Written off | - | - | - | 2.127 | 2.127 |
| Exchange difference | (5) | (767) | (680) | (705) | (2.157) |
| | <u>(644)</u> | <u>(231.037)</u> | <u>(380.205)</u> | <u>(144.384)</u> | <u>(756.270)</u> |
| At 31 December, 2009 | <u>-</u> | <u>(214.047)</u> | <u>(281.661)</u> | <u>(117.354)</u> | <u>(613.062)</u> |
| Carrying amount | | | | | |
| At 31 December, 2009 | <u>6.464.853</u> | <u>178.484</u> | <u>262.970</u> | <u>184.073</u> | <u>7.090.380</u> |
| At 31 December, 2008 | <u>6.176.023</u> | <u>111.827</u> | <u>237.252</u> | <u>122.769</u> | <u>6.647.871</u> |

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009

8. Investments

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|--------------------------------|-----------------------------------|-----------------------------------|
| Available for sale | | |
| Listed on stock markets | <u>7.290.576</u> | <u>7.013.309</u> |
| | <u>2009</u> US\$ | <u>2008</u> US\$ |
| Cost at 1 January | 13.013.289 | 7.023.619 |
| Cost of additions | 478.649 | 9.707.194 |
| Cost of disposals | - | (3.717.521) |
| Exchange differences | (86.945) | - |
| Fair value reserve 31 December | <u>(6.114.417)</u> | <u>(5.999.983)</u> |
| At fair value 31 December | <u>7.290.576</u> | <u>7.013.309</u> |

Note:

The market value of listed available for sale investments at approximately the date of signing the audited Financial Statements was US\$8.536.176

9. Accounts receivable and prepayments

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Debtors, deposits and prepayments | <u>768.404</u> | <u>608.350</u> |
| | <u>768.404</u> | <u>608.350</u> |

Note:

The amounts are receivable within one year. The directors consider that the carrying amount of trade and other receivables approximate their fair value. No interest is charged on these receivables.

10. Bank and cash balances

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|--------------|-----------------------------------|-----------------------------------|
| Cash in hand | 5.802 | 4.257 |
| Cash at bank | <u>2.089.845</u> | <u>2.908.464</u> |
| | <u>2.095.647</u> | <u>2.912.721</u> |

Cash at bank in the currencies in which they are denominated are analysed as follows:

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|-----------------|-----------------------------------|-----------------------------------|
| U.S. Dollar | 1.105.092 | 1.864.053 |
| Sterling pound | 34.234 | 50.925 |
| Jordanian Dinar | 660.966 | 868.744 |
| Euro | 230.251 | 70.178 |
| Lebanese pounds | <u>59.302</u> | <u>54.564</u> |
| | <u>2.089.845</u> | <u>2.908.464</u> |

Note:

The carrying amount of these assets approximate their fair value.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009****11. Taxation**

| | <u>2009</u> <u>US\$</u> | <u>2008</u> <u>US\$</u> |
|---------------------------------|----------------------------|----------------------------|
| Income tax (payable)/refundable | (8.818) | 14.146 |
| Defence contribution payable | <u>(11.079)</u> | <u>(11.079)</u> |
| | <u>(19.897)</u> | <u>3.067</u> |

The company is liable to income tax at 10% on its taxable profits and 10% defence contribution on interest received. As per agreement with the Cyprus Income Tax authorities the salaries of expatriates for days spent abroad carrying out their duties are paid through the company's permanent establishment in Amman, Jordan.

12. Share capital

| | <u>2009</u> <u>US\$</u> | <u>2008</u> <u>US\$</u> |
|---|----------------------------|----------------------------|
| Authorised, issued and fully paid 30.312.500 ordinary shares of US\$1 each | <u>30.312.500</u> | <u>30.312.500</u> |

13. Share premium

On 27 April, 2005 the company's authorised and fully paid capital was increased from 30.100.000 ordinary shares of US\$1 each to 30.212.500 ordinary shares of US\$1 each. These shares were issued at a premium of US\$10.96 per share resulting in an amount of share premium of US\$2.132.500.

14. Retained earnings

At the year ended 31 December, 2009 the reserves available for distribution amounted to US\$5.476.188 (2008 US\$4.130.828).

15. Investment revaluation reserve

The investment revaluation 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 revalued financial asset is impaired the portion of the reserve that relates to this financial asset is recognised in the income statement.

16. Property revaluation reserve

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.

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009****17. Technical reserves**

| | <u>2009</u> <u>US\$</u> | <u>2008</u> <u>US\$</u> |
|--------------------------------|----------------------------|----------------------------|
| Provision for unearned premium | | |
| -gross | 20.339.654 | 14.622.551 |
| -reinsurers' share | <u>(18.636.716)</u> | <u>(14.352.308)</u> |
| | <u>1.702.938</u> | <u>270.243</u> |
| Outstanding claims reserve | | |
| -gross | 26.629.383 | 10.376.294 |
| -reinsurers' share | <u>(25.994.321)</u> | <u>(9.978.392)</u> |
| | <u>635.062</u> | <u>397.902</u> |
| IBNR | 69.994 | - |
| IBNER | 74.587 | - |
| Reserve for unexpired risk | <u>494.191</u> | - |
| | <u>638.772</u> | - |
| | <u>2.976.772</u> | <u>668.145</u> |

18. Ultimate holding company

The company's ultimate holding company is Nest Investments (Holdings) Limited a company incorporated in Jersey, Channel Islands. The controlling party is Mr Ghazi K. Abu Nahl.

19. Related party transactions

These represent transactions with related parties (i.e. holding company, companies related to the holding company and other related parties) in which the company enters during its normal course of business.

These transactions are approved by the directors who consider these to be at normal arm's length terms with third parties.

Gross premiums amounting to US\$ (2008 US\$11.691.180), emanate from group companies. Dividend income amounting to Nil (2008 US\$768.118) was earned from subsidiaries. Income relating to processing and consultancy fees amounting to US\$1.526.801 (2008 US\$637.788) was earned from subsidiaries and other group companies.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009**

Apart from balances due from/(to) group companies shown in note 11, all other balances from group companies represent premiums receivable which are less than 7 months old.

20. Apportionment of overheads

The company's overheads are apportioned as follows:

| | <u>2009</u> | <u>2008</u> |
|--|-------------------------|-------------------------|
| | US\$ | US\$ |
| Operating (underwriting) | 3.000.370 | 1.628.842 |
| Non operating (general and administrative) | <u>587.506</u> | <u>455.146</u> |
| | <u><u>3.587.876</u></u> | <u><u>2.083.988</u></u> |

21. Financial instruments and risk management

Financial instruments consist of financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets of the company include cash and cash equivalents, deposits, investments and receivables.

Financial liabilities of the company include payables to insurance and reinsurance companies and other creditors and accrued liabilities.

The risks management policies used by the company to manage various risks factors are explained below:

Capital risk management

The company manages its capital to ensure it will continue on a going concern while maximizing the return to its shareholders. The capital structure of the company consists of assets attributable to equity holders comprising of issued capital, share premium, revaluation reserve, deposit for issuance of share capital and retained earnings as disclosed in notes 12 to 16. The company's management reviews the capital structure regularly and recommends dividend payments as well as new share issues.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009****21. Financial instruments and risk management (cont'd)****Reinsurance risk**

In order to control financial exposure arising from large claims, the company in its normal course of business, enters into agreements with other parties for reinsurance purposes. This is a common practice in reinsurance industry.

Reinsurance ceded contracts do not relieve the company from its obligations to ceding companies or clients and consequently the company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

In order to limit its exposure to significant losses that might arise from large claims from insolvent reinsurers the company continuously evaluates its reinsurers' financial condition and follows up developments in their areas of operations.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Even though the company undertakes certain transactions in foreign currencies and therefore may be exposed to exchange rate fluctuations. The management applies certain policies and procedures which control and eliminate any material currency risk potential losses. The company's reporting currency is the United States Dollars. The company does not have significant exposure in other currencies, other than those recognised and disclosed in the Financial Statements.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The company is exposed to market risk with respect to its investments in quoted and unquoted available-for-sale securities and investment properties.

The company limits its market risk by maintaining a conservative investment portfolio and continuously monitoring the related stock markets and the factors which affect their performance.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009

21. Financial instruments and risk management (cont'd)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company has time deposits that are subject to interest rate risk. Interest rate risk to the company is the risk of changes in market interest rates reducing the overall return on its interest bearing time deposits. The company limits interest rate risk by following up changes in interest rates in the currencies in which its time deposits are denominated.

During the year the effective interest rate on time deposits, which are denominated in US Dollars was approximately 1% and on the Jordanian Dinnar deposits was 4%-6%.

Credit risk

Credit risk is the risk that a counterparty, will default on its contractual obligation resulting in a financial loss to the company. The company employs certain policies and procedures in order to maintain credit risk exposures within reasonable limits.

The credit risk on liquid funds is limited, as the counter parties are well known banks, with high credit rating by international credit rating agencies.

The maximum exposure to credit risk for the company is represented by the carrying amount of each financial asset as disclosed in the financial statements.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a regular basis and the management is confident that sufficient funds are available to meet any commitments as they may arise. The company's management maintains adequate reserves and banking facilities by continuously monitoring and forecasting required cash flows.

22. Fair values

a) Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair value of assets and liabilities, approximate their carrying values at the balance sheet date, assuming the company will continue as a going concern without any intention or need to liquidate, undertake transactions on adverse terms or materially discontinue its operations with the exception of listed available for sale investments which at the date of finalising these financial statements these were valued at US\$8.536.176.

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TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER, 2009

22. Fair values (cont'd)

b) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions;
- The financial statements include holdings in unlisted shares which are measured at cost which the directors considered to approximate their fair value.

23. Segmental information

a. The company's Written Premiums per geographical area are as follows:

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|--------------|-----------------------------------|-----------------------------------|
| Asia | 27.918.305 | 18.962.289 |
| Africa | 6.763.453 | 5.678.131 |
| EEU (Cyprus) | <u>2.126.141</u> | <u>1.381.468</u> |
| | <u>36.807.899</u> | <u>26.021.888</u> |

b. The company's written premiums are analysed per class of business as follows:

| | <u>2009</u> US\$ | <u>2008</u> US\$ |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Marine and Transport | 4.666.872 | 5.236.768 |
| Fire and other damage to property | 24.575.163 | 15.211.650 |
| Motor | 5.691.501 | 4.295.047 |
| Miscellaneous | 869.143 | 277.924 |
| Liability | 935.668 | 176.597 |
| Accident | <u>69.552</u> | <u>823.902</u> |
| | <u>36.807.899</u> | <u>26.021.888</u> |

24. Premiums earned

The company's premium income outside Cyprus is derived from reinsurance operations and all written premiums are emanating from non E.U. member states or Switzerland. Local operations relate to direct business.

The Gross Premiums earned during the year were US\$31.090.796 (2008 US\$21.718.606).

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

FINANCIAL STATEMENTS 31 DECEMBER, 2009

ADDITIONAL INFORMATION

| | <u>Schedule</u> |
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| Directors' remuneration | 2 |
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| Computation of capital allowances | 4 |
| Schedule of balancing additions | 5 |

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**FINANCIAL STATEMENTS 31 DECEMBER, 2009****ADMINISTRATION EXPENSES**

| | <u>Schedule</u> | <u>2009</u> <u>US\$</u> | <u>2008</u> <u>US\$</u> |
|---|------------------------|--|--|
| Directors' remuneration | 2 | 64.027 | 59.667 |
| Salaries and social benefits (social cohesion fund US\$16.088) | | 2.004.786 | 1.148.535 |
| Telephones, telexes and postages | | 73.256 | 54.173 |
| Printing and stationery | | 78.598 | 7.443 |
| Electricity, heating and water | | 40.893 | 29.481 |
| Repairs and maintenance | | 14.251 | 14.533 |
| Professional services | | 415.791 | 152.146 |
| Motor vehicle expenses | | 23.246 | 13.063 |
| Travelling expenses and entertainment | | 140.690 | 122.850 |
| Rents and common expenses | | 74.228 | 47.571 |
| Advertising | | 72.050 | 38.366 |
| Cleaning expenses | | 32.813 | 20.294 |
| Insurances | | 77.912 | 70.328 |
| Subscriptions and donations | | 121.238 | 43.694 |
| Rates and taxes | | 11.194 | 12.334 |
| Audit fee | | 11.500 | 14.100 |
| Computer expenses | | 25.269 | 7.452 |
| Sundry expenses | | 32.016 | 8.677 |
| Storage expenses | | 4.176 | 3.294 |
| Training expenses | | 30.000 | 18.642 |
| Security expenses | | 10.978 | - |
| Garden expenses | | 55.539 | - |
| Depreciation | | | |
| Furniture, fittings and office equipment | | 28.452 | 23.146 |
| Motor vehicles | | 40.364 | 41.057 |
| Computer hardware and software | | 97.864 | 133.142 |
| Building renovation | | 639 | - |
| Amortization of intangible assets | | 6.106 | - |
| | | <u>3.587.876</u> | <u>2.083.988</u> |

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED

FINANCIAL STATEMENTS 31 DECEMBER, 2009

| | <u>Schedule</u> | <u>2009</u> <u>US\$</u> | <u>2008</u> <u>US\$</u> |
|----------------------------------|-----------------|----------------------------|----------------------------|
| <u>Financial expenses</u> | | | |
| Bank charges and interest | | 20.348 | 15.640 |
| Other interest (note) | | <u>2.053</u> | <u>619.895</u> |
| | | <u>22.401</u> | <u>635.535</u> |

Note:

The interest related to bank loan interest recharged through the Holding Company on a loan provided to the company for the working capital requirements of its insurance/reinsurance operations worldwide. The loan has been transferred to a new Holding Company based in Cyprus.

Schedule 3**TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED****COMPUTATION OF CHARGEABLE INCOME FOR 2009**

| | <u>Schedule</u> | US\$ |
|---|------------------------|--------------------|
| Profit for the year | | 127.679.610 |
| Permanent establishment profit exempted from income tax computation – article 36(3) | | (129.209.418) |
| Social cohesion fund on salaries | 1 | 16.088 |
| Balancing deduction | 6 | (975) |
| Depreciation | | 167.319 |
| Amortisation | | 6.106 |
| 9% interest of the value of saloon cars (US\$403.643 X 9%) restricted | | <u>2.053</u> |
| | | (1.339.217) |
| Gain on fixed assets sold | | (5.761) |
| Annual capital allowances | 5 | <u>(252.076)</u> |
| Loss for the year | | <u>(1.597.054)</u> |
| | | € |
| Translated into Euro at the rate of €1 : US\$1,4333 | | <u>(1.114.250)</u> |

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED
COMPUTATION OF CAPITAL ALLOWANCES FOR 2009

Schedule 4

| | Cost | | Rate | Annual allowances | | | Written |
|--|------------------|------------------|-------------|--------------------------|----------------|------------------|-------------------|
| | US\$ | US\$ | | Up to | 2009 | Total | down value |
| | | | | 31.12.2008 | | | US\$ |
| | | | % | US\$ | US\$ | US\$ | US\$ |
| Buildings | | | | | | | |
| 2002 | 2,013,331 | | 3 | 422,800 | 60,400 | 483,200 | 1,530,131 |
| 2007 | <u>158,815</u> | | 3 | 9,528 | 4,764 | 14,292 | 144,523 |
| | | 2,172,146 | | | | | |
| 2009 - Renovation | | 77,234 | 10 | - | 7,723 | 7,723 | 69,511 |
| Land | | | | | | | |
| 2002 | 418,233 | | 0 | - | - | - | 418,233 |
| 2007 | <u>1,199,154</u> | | 0 | - | - | - | 1,199,154 |
| | | 1,617,387 | | | | | |
| Furnitures, fittings and office equipment | | | | | | | |
| 1995 | 420 | | 10 | 420 | - | 420 | - |
| 1996 | 4,749 | | 10 | 4,749 | - | 4,749 | - |
| 1997 | 1,036 | | 10 | 1,036 | - | 1,036 | - |
| 1998 | 1,492 | | 10 | 1,492 | - | 1,492 | - |
| 1999 | 233 | | 10 | 233 | - | 233 | - |
| 2000 | 20,645 | | 10 | 18,577 | 2,064 | 20,641 | 4 |
| 2001 | 758 | | 10 | 607 | 76 | 683 | 75 |
| 2002 | 54,711 | | 10 | 38,298 | 5,471 | 43,769 | 10,942 |
| 2003 | 6,398 | | 10 | 3,840 | 640 | 4,480 | 1,918 |
| 2004 | 81,160 | | 10 | 40,580 | 8,116 | 48,696 | 32,464 |
| 2005 | 11,050 | | 10 | 4,420 | 1,105 | 5,525 | 5,525 |
| 2006 | 14,634 | | 10 | 4,389 | 1,463 | 5,852 | 8,782 |
| 2007 | 16,647 | | 10 | 3,330 | 1,665 | 4,995 | 11,652 |
| 2008 | 5,762 | | 10 | 576 | 576 | 1,152 | 4,610 |
| 2009 | <u>90,151</u> | | 10 | - | 9,015 | 9,015 | 81,136 |
| | 309,846 | | | | | | |
| Exchange differences | <u>18,611</u> | | | | | | |
| | | 328,457 | | | | | |
| Computer hardware and software | | | | | | | |
| 1998 | 5,426 | | 20 | 5,426 | - | 5,426 | - |
| 2000 | 3,891 | | 20 | 3,891 | - | 3,891 | - |
| 2002 | 7,954 | | 20 | 7,954 | - | 7,954 | - |
| 2003 | 16,758 | | 20 | 16,758 | - | 16,758 | - |
| 2004 | 66,360 | | 20 | 66,360 | - | 66,360 | - |
| 2005 | 64,480 | | 20 | 51,584 | 12,896 | 64,480 | - |
| 2006 | 19,788 | | 20 | 11,874 | 3,958 | 15,832 | 3,956 |
| 2007 | 304,323 | | 33,33 | 202,882 | 101,441 | 304,323 | - |
| 2008 | 30,109 | | 20 | 6,022 | 6,022 | 12,044 | 18,065 |
| 2009 | <u>123,404</u> | | 20 | - | 24,681 | 24,681 | 98,723 |
| | 642,493 | | | | | | |
| Exchange differences | <u>682</u> | | | | | | |
| | | 643,175 | | | | | |
| Motor vehicles | | | | | | | |
| Mitsubishi Galant EZA550 -1998 | 21,753 | | 0 | - | - | - | 21,753 |
| Audi Saloon (overseas) | | | | | | | |
| 2000 (Duty free) | 11,797 | | 0 | - | - | - | 11,797 |
| 2001 (Duty tax paid) | 8,964 | | 0 | - | - | - | 8,964 |
| BMW520 Saloon (overseas) -2001 | 34,556 | | 0 | - | - | - | 34,556 |
| Mercedes Saloon (overseas) -2003 | 21,580 | | 0 | - | - | - | 21,580 |
| Mitsubishi Pajero GLS (overseas) - 2005 | 50,423 | | 0 | - | - | - | 50,423 |
| Mitsubishi Pajero GLS (overseas) - 2005 | 50,423 | | 0 | - | - | - | 50,423 |
| Honda Accord | | | | | | | |
| KMP111 - 2006 | 40,808 | | 0 | - | - | - | 40,808 |
| Volvo Saloon (overseas)-2006 | 45,839 | | 0 | - | - | - | 45,839 |
| Kia Pekano - 2009 | 10,719 | | 0 | - | - | - | 10,719 |
| BMW KWE119-2009 | 35,833 | | 0 | - | - | - | 35,833 |
| Audi A4 KEY427-2009 | 10,033 | | 0 | - | - | - | 10,033 |
| BMW 5201 | 60,915 | | 0 | - | - | - | 60,915 |
| | 403,643 | | | | | | |
| Exchange differences | <u>5,878</u> | | 0 | - | - | - | 60,915 |
| | | <u>409,521</u> | | | | | |
| Total cost | | 5,222,749 | | 927,626 | 252,076 | 1,179,702 | 4,043,047 |
| Total exchange difference | | <u>25,171</u> | | - | - | - | <u>25,171</u> |
| | | <u>5,247,920</u> | | <u>927,626</u> | <u>252,076</u> | <u>1,179,702</u> | <u>4,068,218</u> |

TRUST INTERNATIONAL INSURANCE COMPANY (CYPRUS) LIMITED**STATEMENT OF BALANCING ADDITIONS/(DEDUCTIONS)****FOR THE YEAR 2009**

| | <u>Cost</u> US\$ | <u>Annual</u> <u>Allowances</u> US\$ | <u>Written</u> <u>Down value</u> US\$ | <u>Sale</u> <u>proceeds</u> US\$ | <u>Balancing</u> <u>Addition/(deduction)</u> US\$ |
|---------------------------------|---------------------|--|---|--|---|
| Renault saloon-2000 | <u>24.141</u> | <u>-</u> | <u>24.141</u> | <u>5.761</u> | <u>-</u> |
| Furniture & fittings | | | | | |
| Written off | | | | | |
| -2002 | <u>3.249</u> | <u>2.274</u> | <u>975</u> | <u>-</u> | <u>(975)</u> |
| | <u>27.390</u> | <u>2.274</u> | <u>25.116</u> | <u>5.761</u> | <u>(975)</u> |

