Trust International Insurance Company (Cyprus) Limited

FINANCIAL STATEMENTS

31 December 2011

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GENERAL INFORMATION

Board of Directors

Frixos Savvides - Chairman
Dimis Michaelides
Mehran Eftekhar
Kamel Abu Nahl
Fadi Abu Nahl
Chris Georghiades
Stavros Stavrou (appointed 24/1/2011)

Chief Executive Officer

Christos Christodoulou

Secretary

Cyproservus Co. Limited

Registered Office

284 Archbishop Makarios III Avenue
Fortuna Court Block B, 2nd floor
3015 Limassol, Cyprus

Legal Advisors

Chrysses Demetriades & Co. Llc
Christodoulos Tselepos Law Office
Theophanis Andreou & Associates

Independent Auditors

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
Nicosia

A MESSAGE FROM THE CHAIRMAN

It gives me a great pleasure in reporting the results and achievements of Trust International Insurance Company (Cyprus) Limited for the year 2011, together with the plans for the following years.

The global financial crisis continued to have a negative impact on the global economies; however the effect on the Insurance and Reinsurance market has been more moderate.

Our vision: "To Lead Through Innovation and Service Excellence", is a very challenging and motivating one. It involves continuous efforts of self-improvement and vigilant managing of the Company's resources to provide timely and excellent service and the highest professional standards.
The Company has one license but two distinct operations i.e. Local Direct Insurance in Cyprus and Reinsurance services to the Trust Group Direct Insurance companies overseas. Trust Group operates also in Jordan, Algeria, Bahrain, Lebanon, Libya, Spain, USA, Yemen, Malaysia, Palestine, Syria and UK.

Reinsurance activities
The Reinsurance activities are ceded to highly rated and credible reinsurers. The Company retains a small percentage of the risk and the remaining is ceded with highly rated reinsurers. This Reinsurance business has increased by 34% during 2011 in comparison with 2010 and the main reason is that the Direct Insurance Companies of the Group wrote more premium and ceded this with us.

Local Insurance activities
The Company had a very good year with regards to expansion and market share. The growth for the year was 86% and its market share rose to 2,40%. Considering that the inception of the operations was in August 2009, these results are considered very satisfactory and a good indication that the Company is in its way towards becoming one of the leading Insurance Companies in Cyprus.

Future Outlook and Strategy
The Company will continue its efforts towards increasing its market share; while creating a more balanced portfolio that will allow for better underwriting result and higher profitability. With the application of the Corporate Governance Practices, we intend to have a clear understanding of the Company's risk exposure and to be prepared for the upcoming changes in the way of evaluating our solvency position with the introduction of Solvency II. Trust Cyprus is a member of the Nest Group which provides high level corporate services, such as Actuarial and Risk Management, Human Resource, Information and Technology, Strategy and Planning to the Group Companies, all of which we use and we intend to continue benefiting from such unique expertise and support in order to achieve our goals and establish Trust Cyprus as a leading Insurance Company on the island.

Frixos Savvides
Chairman

A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I would like to take the opportunity to inform you of the results and achievements of Trust Cyprus for the Year 2011.

During this year we have managed to achieve:
- A market share of 2,40% of the total Non-Life Cyprus premiums
- Local Insurance Premium income of €11,7 million
- A sizable Sales Network, that is comparable to those of the leading Insurance Companies.
- Improve procedures and investigation methods that enable us to pay the majority of the claims incurred during the year within the year at a very good speed of response.

This gives us the confidence to pursue our ambitious goals for the following years. We aim to acquire a market share close to 4% by the end of 2014. While pursuing higher market share, our concern is to keep expenses at the minimum level and develop such a portfolio split amongst profitable classes of business, that will allow us to expect higher profitability.

Trust Cyprus is a local Insurance Company that has access to the Nest Group corporate services and expertise. For the same reason the Company is securing reinsurance treaties, unique for the Cyprus Market, that allow for the development of innovative products and services that will further differentiate the Company in the years to come.

The Group Actuarial/ Risk Management services are working with the Company towards the preparation for the Solvency II directive implementation in 2014 with the aim not only to be ready but to be in a position to fully benefit from the opportunities that will be presented.

The Nest Group Information and Technology department provides Trust Cyprus with a state of the Art Technology IT infrastructure and an in-house developed General Insurance logistics system. Development is proceeding in accordance with the Company's strategy through the following years for better customer service and for a leading presence in the rapidly developing market.

Further, with the support of the Group HR services, we have implemented an internet based Performance Management System that provides valuable assistance and self-motivation to our staff, to pursue further development and higher quality results.

I am satisfied that we have made significant progress towards our ambitious goals and based on our continuous and collective efforts, I am positive that we are heading towards a greater future.

Christos Christodoulou
Chief Executive Officer

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submits to the shareholders its Report together with the audited financial statements for the year ended 31 December 2011.

Principal activities

Trust International Insurance Company (Cyprus) Limited is a limited liability company incorporated in Cyprus on 5 December 1990 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.

Branches

The Company operates from Cyprus and engages in reinsurance operations through a branch in Amman, Jordan.

Results, current position, development and performance

The Company's gross written premium in 2011 was US$51.190.696 compared to US$34.803.069 in 2010. The increase is due to higher by 34% premium written by the Reinsurance operations of Amman Regional Office whereas the Cyprus Direct operations showed a significant growth of 86% comparing to 2010. Net premium written in 2011 was US$13.974.785 compared to US$7.374.054 in 2010, which reflects the increase in premium retained from the Cyprus Direct operations.

Gross incurred claims increased from US$10.850.039 in 2010 to US$12.293.390 in 2011 whereas Net incurred claims increased from US$2.969.295 in 2010 to US$6.216.881 in 2011. The increase is due to claims retained from the Cyprus Direct operations. The Gross Loss Ratio (Gross Incurred Claims to Gross Earned Premium) was 26% in 2011 comparing to 31% in 2010 and the Net Loss Ratio (Net Incurred Claims to Net Earned Premium) was 54% in 2011 comparing to 62% in 2010.

The net underwriting loss for the year decreased to US$1.175.855 comparing to US$2.746.948 for 2010. The Gross Combined Ratio (Gross Claims and Commissions and Expenses) on Gross Earned Premium for is 66% for both years. If this ratio is calculated on Gross Written premium it reduces to 60% for 2011 and 66% for 2010.

The net profit for the year is US$2.431.695 comparing to US$1.548.807 for 2010. The main reason for the increase in the profit is the improvement in the underwriting results. The return on equity for 2011 is 13% and 9% for 2010.

The Company's gross technical reserves stand at US$46.054.245 as at 31 December 2011 comparing to US$44.616.140 as at 31 December 2010. There has been a decrease in the technical reserves of the Reinsurance operations and a significant increase in the reserves of the Direct operations, especially in the unearned premium as result of the growing new business. The net technical reserves are US$10.196.510 as at 31 December 2011 comparing to US$6.344.556 as at 31 December 2010 due to the increase in the retained reserves for the Cyprus Direct operations. Included in the reserves is an Unexpired Risks Reserve of US$135.499 (2010: US$597.648) and an IBNR/IBNER reserve of US$565.616 (2010: US$172.628) which were both revised as at 31 December 2011.

The Bank and Cash balances increased to US$5.135.698 as at 31 December 2011 from US$2.969.750 as at 31 December 2010.

The Shareholders equity increased to US$18.343.116 as at 31 December 2011 from US$17.877.098 as at 31 December 2010 mainly as a result of the net profit for the year of US$2.431.695 whereas the value of investments has depreciated by US$1.871.133.

According to latest official statistics of the Insurance Association of Cyprus, the Company retains a share 2,40% of the Cypriot general insurance market sector.

Dividends

The Company did not pay any dividend during the year under review. The Board of Directors does not propose the payment of a final dividend for 2011. In 2010 there was no dividend.

Main risks and uncertainties

The Company is exposed to a variety of risks, the most important of which are insurance risk, changes on the prices of investments and interest rates, liquidity risk and credit risk. These risks are identified, measured and monitored through various control mechanisms in order to prevent undue risk concentrations. Detailed information relating to risk management is shown in note 20 to the financial statements.

Share Capital

On 20 January 2011 the Company reduced its issued and fully paid share capital from 30.312.500 to 12.000.000 ordinary shares of US$1 each.

Events after the reporting date

There were no material events after the reporting date which have a bearing on the understanding of the Financial Statements.

Board of Directors

The Company's Board of Directors

The Board of Directors consists of three distinct groups namely Shareholder Representatives, Executive Directors and Non-Executive Directors. The Board's role is to set the overall strategic direction, approve business plans and monitor the overall performance of the business against the approved plans, within a compliant framework of corporate governance and ethical principles.

During 2011 the Board of Directors held five meetings in Cyprus and on each occasion the meeting was preceded by a meeting of the Nomination & Remuneration (N&RC), Audit (AC) and Risk Committees (RC).

Board Composition

Name	Position	Committee Role
Frixos Savvides	Chairman	N&RC Committee - Chairman
Dimis Michaelides	Vice Chairman	N&RC Committee - Member
Mehran Eftekhar	Group Head of Corporate Services and Finance Director	Audit /Risk Committee - Member
Kamel Abu Nahl	Director	N&RC Committee -Member
Fadi Abu Nahl	Director	
Chris Georghiades	Director	Audit Committee - Member Risk Committee - Chairman
Stavros Stavrou	Director (appointed 24/1/2011)	Audit Committee - Chairman Risk Committee - Member

Frixos Savvides – Chairman
Mr. Frixos Savvides a Chartered Accountant is a Fellow of the Institute of Chartered Accountants of England and Wales. He was the founder of the audit firm PKF Savvides and Partners in Cyprus and held the position of Managing Partner until 1999 when he became Minister of Health of the Republic of Cyprus. He held this office until 2003. Mr. Savvides is currently a senior independent business consultant and holds several Board positions.

Dimis Michaelides – Vice Chairman
Mr. Dimis Michaelides is a business consultant, author and speaker and lectures at the Cyprus International Institute of Management. His 30 year career, includes the positions of CEO, at Cyprialife; Marketing and Sales Director, at Zeneca; Investment Officer, at World Bank/IFC; Deputy Development Director, at the Council of Europe Development Bank. He is now managing Performa Consulting, a company dedicated to developing creativity and innovation in organizations. He is a graduate of the London Business School, the London School of Economics and the University of Sussex.

Mehran Eftekhar – Group Head of Corporate Services and Finance Director
Mr. Mehran Eftekhar qualified in 1978 as a Fellow member of the Institute of Chartered Accountants in England and Wales. His work experience includes Newman and Partner Chartered Accountants, Munfer Group of Companies as a Financial Controller, Pannel Kerr Forster as a Senior Partner and he is currently the Group Head of Corporate Services and Finance Director of Nest Group of Companies.

Kamel Abu Nahl – Director
Mr. Kamel Abu Nahl is a director in the BOD. His work experience include Trust International Insurance Co. as an Assistant Underwriter, Brockbank (Lloyds) Syndicate (London) as an Underwriter, Property Underwriter for Trust International Insurance Co. He has been in the position of a Deputy CEO for Trust International Insurance Co. (Cyprus) Limited and currently is the Chairman for Trust International Insurance & Reinsurance Company B.S.C (C) Trust Re.

Fadi Abu Nahl – Director
Mr. Fadi Abu Nahl is a director in the BOD. He is a BSc degree holder in Mathematics and Statistics degree by Middlesex University. His work experience includes Trust International Insurance & Reinsurance Company B.S.C (C) Trust Re. as a Manager of Strategic Business. He is currently the CEO of Trust International Insurance & Reinsurance Company B.S.C (C) Trust Re.

Chris Georghiades – Director
Mr. Chris Georghiades has extensive experience of corporate and commercial matters, particularly in relation to company and business acquisitions and sales of both public and private companies, joint ventures, shareholder disputes, corporate reorganizations, insolvency, banking and taxation. He also advises on construction law, sports law, aviation law and administrative law. He is an LLB graduate of Athens University and an LLM graduate of King's College of London.

Stavros Stavrou – Director
Mr. Stavros Stavrou, a Chartered Accountant, is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Chartered Institute of Internal Auditors. His work experience includes the position of Managing Director in Oilinvest (Netherlands) BV Group of Companies, a multinational Group operating in the oil industry. He is the Chairman and one of the founder shareholders of Oceanfleet Shipping Ltd, a ship management company operating in Athens. During his career he has served as a Director at a number of Companies, private and public.

Board Committees

The Board delegates certain responsibilities to committees. Any such committee must keep the Board apprised on a timely basis of actions and determinations.

The committees that have been successfully formed by the BOD, aim to provide support and effective control of the Company, and are as follows:

Audit Committee:

- Stavros Stavrou - Chairman
- Mehran Eftekhar
- Chris Georgiades

Secretary: Loizos Hadjiloizos

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and the audit.

Nomination and Remuneration Committee:

- Frixos Savvides - Chairman
- Dimis Michaelides
- Kamel Abu Nahl

Secretary: Mufid Sukkar

The N & RC Committee's primary functions are to asses required and necessary competencies of board members, review Board succession plans, evaluate board's performance and make recommendations to the Board on executive remuneration and incentive policies, remuneration packages of senior management, recruitment, retention and termination policies for senior management, incentive schemes, pension arrangements and the remuneration framework for the directors.

Risk Committee:

- Chris Georgiades - Chairman
- Mehran Efthekhar
- Stavros Stavrou

Secretary: Socrates Koudounaris

The Risk committee assists the board in fulfilling its oversight responsibilities for the identification, analysis, assessment and management of all the risks which the Company faces in its operation and which may impact upon the assets and liabilities of the Company; in particular (without limitation) to assist in identifying those risks which may at first seem unlikely or even remote.

The Committee also monitors the compliance and anti-money laundering processes with the laws and regulations as well as the code of conduct.

Roles of Chairman and Chief Executive Officer

The Company follows a policy of segregating the roles of the Chairman of the Board and the Chief Executive Officer (CEO).

The Chairman of the Board is responsible for leading and ensuring the effectiveness of the Board and conduct of its meetings.

The CEO is responsible for the executive leadership and operational management of the Company. CEO is accountable to the Board for the development, recommendation of strategies, policies and the framework of controls.

Corporate Governance

We have introduced the appropriate corporate governance practices from the very beginning following Corporate Governance Guidelines and have therefore established a Board of Directors and the relevant Board Committees which serve as a useful tool in the running of our business. Trust Cyprus follows those rules and regulations in order to direct and manage our business effectively, in compliance with all the relevant local and international business laws that apply.

The Board Committees comprise of a fully functioning Risk Committee, Audit Committee and Nomination and Remuneration Committee suitably staffed by non-executive Directors having the appropriate background and experience and following their respective fully approved Charters of operation.

Risk Management

- Monitoring the overall level of risk assumed by Trust Cyprus, analyzing risk in both a quantitative and qualitative manner, reviewing application effectiveness, monitoring the progress of critical actions agreed by the business and providing assurance;

- Preparing and presenting regular risk and control reports to Trust Cyprus Executive Management, and Committees (Risk Committee, Audit Committee etc).

- Developing Trust's control environment (i.e. policy framework, delegations of authority) and assisting areas of the business to determine and implement specific risk controls.

- Train staff, senior management on all aspects of risk management application and development of a risk culture through raising awareness of risk across the organization.

Internal Audit

The Internal Audit, services are provided by the Group Corporate Services.

During 2011 internal audits were performed on the following areas:

- Head Office Finance Department
- Amman Regional Office Operations Department
- Work in progress follow up reports (four)

The outcome was brought to the BOD Audit Committee and recommendations were adopted and in most areas implemented, verified with audit follow ups.
Internal audit is also providing valuable support in providing direction towards the preparation of manuals.

The plan is to have internal audits in all the above mentioned areas yearly.

Independent Auditors

The independent auditors of the Company Ernst & Young Cyprus Limited, have signified their willingness to continue in office. A resolution for their re-appointment and remuneration will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Cyproservus Co. Limited
Secretary

Limassol, 31 May 2012

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Independent Auditor's Report

To the Members of Trust International Insurance Company Cyprus Limited

Report on the Financial Statements

We have audited the financial statements of Trust International Insurance Company Cyprus Limited (the "Company") on pages 13 to 41. We have audited the accompanying financial statements of Trust International Insurance Company Cyprus Limited (the "Company"), which comprise the balance sheet as at 31 December 2011, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of financial statements that give a true and fair view 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.

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 at 31 December 2011, 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 European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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 Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 6 to 10 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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 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.

- The financial statements of the Company for the year ended 31 December 2010 were audited by another auditor who expressed an unqualified opinion on those financial statements on 19 April 2011.

Irene Psalti
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
31 May 2012

INCOME STATEMENT
for the year ended 31 December 2011

	Notes	*2011 US$*	*2010 US$*
Gross earned premiums	3	46.867.479	34.882.243
Reinsurers' share of gross earned premiums	3	(35.399.165)	(30.083.829)
Net earned premiums		11.468.314	4.798.414
Fee and commission income		11.530.286	7.277.505
Income from investments		12.765	5.536
Other income from insurance operations		931.159	890.513
Total revenue from insurance operations		23.942.524	12.971.968
Gross insurance claims paid	14	(14.716.353)	(13.601.122)
Reinsurers' share of gross insurance claims paid	14	10.307.104	11.564.916
Gross change in insurance contracts liabilities	14	2.422.963	2.751.083
Reinsurers' share of gross change in insurance contracts liabilities	14	(4.230.595)	(3.684.172)
Change in provision for unexpired risks reserve	14	462.149	(108.713)
Commission expense, direct expenses and discounts		(13.912.612)	(8.136.700)
Finance Costs		(23.786)	(20.238)
Administrative expenses for insurance operations	4	(5.427.249)	(4.483.970)
Total expenses for insurance operations		(25.118.379)	(15.718.916)
Net revenue from insurance operations		(1.175.855)	(2.746.948)
Other Income	5	3.796.399	4.442.178
Other operating and administrative expenses	5	(192.226)	(146.423)
Profit from operating activities before income tax	6	2.428.318	1.548.807
Income tax	6	3.377	-
Net profit		2.431.695	1.548.807

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011

	2011 *US$*	*2010* *US$*
Net Profit for the year	2.431.695	1.548.807
Other Comprehensive Income:		
Revaluation of property		
Revaluation for the year	468.272	533.484
	468.272	533.484
Available-for-sale investments		
(Losses)/gains from revaluations	(1.871.333)	2.275.010
	(1.871.333)	2.275.010
Other comprehensive (loss)/ income after tax	(1.403.061)	2.808.494
Total comprehensive income for the year after tax	1.028.634	4.357.301

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2011

	Share Capital US$	*Provision for reduction of share capital US$*	*Share Premium US$*	*Investment Revaluation Reserve US$*	*Property Revaluation Reserve US$*	*Foreign exchange differences US$*	*Retained earnings US$*	*Total US$*
At 1 January 2010	30.312.500	(20.445.000)	2.132.500	(6.114.417)	3.008.775	(212.994)	5.476.188	14.157.552
Profit for the year	-	-	-	-	-	-	1.548.807	1.548.807
Other Comprehensive Income after tax	-	-	-	2.275.010	533.484	-	-	2.808.494
Total comprehensive Income for the year	-	-	-	2.275.010	533.484	-	1.548.807	4.357.301
Exchange differences	-	-	-	47.823	(199.635)	(782.072)	296.129	(637.755)
At 31 December 2010	30.312.500	(20.445.000)	2.132.500	(3.791.584)	3.342.624	(995.066)	7.321.124	17.877.098
Profit for the year	-	-	-	-	-	-	2.431.695	2.431.695
Other Comprehensive Income after tax	-	-	-	(1.871.333)	468.272	-	-	(1.403.061)
Total Comprehensive Income for the year	-	-	-	(1.871.333)	468.272	-	2.431.695	1.028.634
Reduction in share capital	(18.312.500)	20.445.000	(2.132.500)	-	-	-	-	-
Exchange differences	-	-	-	(10.607)	(75.434)	(586.102)	109.527	(562.616)
At 31 December 2011	12.000.000	-	-	(5.673.524)	3.735.462	(1.581.168)	9.862.346	18.343.116

As of 1 January 2003, companies which do not distribute at least 70% of their profits after tax, as defined by the Special Contribution for the defense of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 20% will be payable on such deemed dividend for the years 2010 and 2011 to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders. For the tax years 2009 and 2008 there was no such deemed distribution.

BALANCE SHEET
As at 31 December 2011

	Notes	2011 US$	2010 US$
ASSETS			
Non-current Assets			
Property and equipment	7	7.357.974	7.109.869
Intangible assets	8	568.890	437.602
Investments	9	7.310.821	9.294.147
		15.237.685	16.841.618
Current Assets			
Premiums receivable		9.442.170	11.436.682
Deferred acquisition costs	3	1.646.626	926.674
Other debtors and prepayments	11	548.055	1.251.826
Related companies	16	11.495.571	5.139.715
Reinsurers' current accounts		1.304.699	367.312
Reinsurers' share of insurance contract liabilities	14	35.857.735	38.271.584
Cash and cash equivalents	12	5.135.698	2.969.750
TOTAL ASSETS		80.668.239	77.205.161
CAPITAL AND LIABILITIES			
Capital and reserves			
Share capital	13	12.000.000	30.312.500
Share premium	13	-	2.132.500
Provision for reduction of share capital	13	-	(20.445.000)
Investment revaluation reserve		(5.673.524)	(3.791.584)
Property revaluation reserve		3.735.462	3.342.624
Foreign exchange differences		(1.581.168)	(995.066)
Retained earnings		9.862.346	7.321.124
Total Equity		18.343.116	17.877.098
Non-current liabilities			
Income received in advance		2.796.924	2.837.207
Current liabilities			
Insurance contract liabilities	14	46.054.245	44.616.140
Other creditors and accrued expenses	17	7.773.371	5.092.452
Payables to related companies	16	2.517.082	871.065
Reinsurers' current accounts		3.164.376	5.891.887
Income taxes payable	15	19.125	19.312
		59.528.199	56.490.856
TOTAL EQUITY AND LIABILITIES		80.668.239	77.205.161

Frixos Savvides - Chairman

Mehran Eftekhar - Director

Christos Christodoulou - Chief Executive Officer

STATEMENT OF CASH FLOWS
For the year ended 31 December 2011

	Notes	2011 US$	2010 US$
Cash Flows from Operating Activities			
Net profit before income tax		2.428.318	1.548.807
Adjustments for:			
Depreciation of property and equipment and amortisation of intangible assets		1.008.068	380.698
Loss/ (profit) on disposal and write-offs of equipment		3.586	(12.848)
Exchange differences		276.976	864.139
Operating profit before working capital changes		3.716.948	2.780.796
Decrease/(increase) in premium receivable		1.994.512	(6.003.754)
Increase in deferred acquisition costs		(719.952)	(621.644)
Increase in other debtors and prepayments		703.771	(788.452)
Increase in related companies		(4.709.839)	(2.105.743)
(Decrease)/increase in reinsurers' current accounts		(3.664.898)	3.058.109
Decrease in reinsurers' share of insurance contract liabilities		2.413.849	6.359.453
Increase in deposits with other banks		(657.236)	-
Increase/(decrease) in insurance contract liabilities		1.438.105	(2.991.669)
Increase in other creditors and accrued expenses		2.680.919	2.006.075
Cash generated from operations		3.196.179	1.693.171
Income tax refunded		3.377	-
Net cash flow from operating activities		3.199.556	1.693.171
Cash flows from investing activities			
Purchase of equipment		(278.060)	(274.315)
Purchase of computer software and other intangibles		(965.986)	(365.209)
Proceeds from disposals of equipment		179.587	13.347
Net cash flows used in investing activities		(1.064.459)	(626.177)
Cash flows from financing activities			
Exchange difference		(586.102)	(782.072)
Income received in advance		(40.283)	589.181
Net cash flows used in financing activities		(626.385)	(192.891)
Net increase in cash and cash equivalents		1.508.712	874.103
Cash and cash equivalents at 1 January		2.969.750	2.095.647
Cash and cash equivalents at 31 December	12	4.478.462	2.969.750

1. Corporate Information

The financial statements of Trust International Insurance Company (Cyprus) Limited for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 31 May 2012.

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 and is a wholly owned subsidiary of Nest Investments Holding Ltd.

The registered office of the Company is located at 284 Archbishop Makarios III Avenue, Fortuna Court Block B, 2nd floor, 3015 Limassol, Cyprus.

The Company is engaged in the general insurance business in Cyprus and carries out, through its branch in Jordan, reinsurance business and related consultancy services to other group companies.

2. Summary of significant accounting policies

The accounting policies adopted in relation to information deemed important or essential to the results of the year and the presentation of the financial situation of the Company are listed below.

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, modified to include the revaluation of freehold property and available for sale investments.

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

In addition, the financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113.

Functional and presentation currency of financial statements

The financial statements are presented in United States Dollars (US$) which is the presentation currency of the Company. The functional currency for the Head Office in Cyprus is the Euro and the functional currency for the Company's branch in Jordan is the United States Dollar.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as detailed below:

Application of new standards, interpretations and amendments to IFRS

As from 1 January of 2011, the Company adopted the following new standards, interpretations and amendments to IFRS:

- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IAS 24 Related party disclosures
- Amendment to IAS 32 Financial instruments presentation
- Yearly improvements to International Financial Reporting Standards (May 2010)

The adoption of the above did not have a material impact on the results and financial position of the Company.

2. Summary of significant accounting policies (continued)

2.3 Standards and interpretations that are issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company have not early adopted, as follows:

Standards and interpretations issued by the IASB and adopted by the EU

Amendments to IFRS 7 Financial Instruments: Disclosures- Enhanced Derecognition Disclosure Requirements (effective for accounting periods beginning on or after 1 July 2011)
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment has only disclosure effects and is not expected to have a significant impact on the Group's financial statements. The Company is in the process of assessing the impact of this amendment on its next annual financial statements.

Amendment to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
This amendment changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The amendment only affects the presentation and has no effect on the Company's financial position or activity. The Company is in the process of assessing the impact of this amendment on the financial position or performance of the Group.

Amendment to IAS 12 Deferred tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)
The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The Company is in the process of assessing the impact of this amendment on the financial statements.

Amendment to IAS 19 Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Early application is permitted. The Group is in the process of assessing the impact of this amendment on its financial statements.

Amendment to IAS 27 Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
As a result of the new standards IFRS 10, and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, joint ventures, and associates in separate financial statements. Earlier application is permitted. The Group is in the process of assessing the impact of this amendment on the Company's separate financial statements.

Amendment to IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)
As a result of the new standards IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. The Company is in the process of assessing the impact of this amendment on the financial statements.

2. Summary of significant accounting policies (continued)

Standards and interpretations issued by the IASB and adopted by the EU (continued)

IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
The amendment clarifies the meaning of 'currently has a legally enforceable right of sett-off' and also clarifies the application of the criteria of IAS 32 for setting off on the settlement systems (such as central clearing systems) applying mixed settlement mechanisms which do not work simultaneously. The amendments of IAS 32 apply retrospectively. Earlier application is permitted. In cases a company decides to apply earlier application, it must disclose this event and to present all disclosures required by the amendments of IFRS 7 for offsetting financial assets and financial liabilities. . The Company is in the process of assessing the impact of this amendment on the financial statements.

IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. The Company is in the process of assessing the impact of the amendment on the financial position or performance of the Company.

IFRS 9 Financial Instruments — Classification and Measurement (effective for annual periods beginning on or after 1 January 2015)
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the FVO. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the first half of 2012. Early application is permitted. The Company is in the process of assessing the impact of the amendment on the financial statements of the Company.

IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group is in the process of assessing the impact of the new standard on its financial statements.

IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Group is in the process of assessing the impact of the new standard on its financial position and performance.

IFRS 12 Disclosures of Interests in Other Entities
The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Group is in the process of assessing the impact of the new standard on its financial statements.

2. Summary of significant accounting policies *(continued)*

2.3 Standards and interpretations that are issued but not yet effective *(continued)*

Standards and interpretations issued by the IASB and adopted by the EU *(continued)*

IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively and early adoption is permitted. The Group is in the process of assessing the impact of the new standard on its financial statements.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine (effective for annual periods beginning on or after 1 January 2013)
This interpretation only applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Costs incurred in undertaking stripping activities are considered to create two possible benefits a) the production of inventory in the current period and/or b) improved access to ore to be mined in a future period (striping activity asset). Where cost cannot be specifically allocated between the inventory produced during the period and the stripping activity asset, IFRIC 20 requires an entity to use an allocation basis that is based on a relevant production measure. Early application is permitted. The standard does not apply to the Company.

2.4 Classification of insurance products

The Company issues only insurance contracts. An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Once a contract has been classified as an insurance contract, it remains an insurance contract until the fulfilment or expiration of all the rights and obligations arising from the contract, even if the insurance risk reduces significantly during the period of the insurance contract.

2.5 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 date of the balance sheet. 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 pose a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year relate 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.

2.5 Significant judgments and estimates (continued)

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 balance sheet date. The estimation of the liabilities is based on past experience and market trends.

Fair value of debt securities and equity shares
The fair value of debt securities and equity shares that are not quoted in an active market is determined using valuation models. These models are validated and periodically reviewed by qualified personnel.

To the greatest extent possible, models use observable data, as well as factors such as the determination of credit risk and volatilities which require management to make estimates and assumptions. Changes in these estimates and assumptions could affect the reported fair value of the relevant financial instruments.

Income Taxes
The Company operates and is therefore subject to taxation in Cyprus. 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.

2.6 Underwriting results

Premiums from insurance contracts issued by the Company are recognised when they become due in accordance with the conditions set out in the insurance contracts. Reinsurance premiums are recognised in relation to the respective insurance premiums and in accordance with the conditions set out in the relevant reinsurance contracts held by the Company.

Underwriting results are determined after taking into account provisions for outstanding claims, unearned premiums, deferred acquisition costs and unexpired risks, as follows:

Outstanding claims
Full provision is made for the estimated cost of all claims arising from valid insurance contracts that were in force when the insured incident occurred that affected the policyholder negatively.

The provision is estimated separately for each reported claim. Provision is also made for claims incurred but not enough reported (IBNER) and claims incurred but not reported (IBNR) by the balance sheet date. The past experience as to the number and amount of claims reported after the balance sheet date is not yet adequate, therefore the Ultimate Loss Ratio methodology is used in estimating the IBNER and IBNR provisions.

Claims settlement costs are included in the estimation of the provision for outstanding claims.

Recoverable amounts arising out of the acquisition of the rights of policyholders with respect to third parties (subrogation) or of the legal ownership of insured property (salvage), are deducted from the provision.

Unearned premiums
The provision for unearned premiums represents the amount of premium income and reinsurance premiums attributable to the period of risk after the balance sheet date. The provision for direct business is computed using the method of 365th, according to which the earned and unearned premiums are calculated on a daily period apportionment basis. The provision for reinsurance business is computed using the method of 24th.

2.6 Underwriting results (continued)

Deferred acquisition costs
Deferred acquisition costs represent commissions and other expenses for insurance contracts written during the financial year but relating to a subsequent financial year and are calculated on a basis compatible with that used to determine unearned premiums.

Liability adequacy test (unexpired risks)
At each balance sheet date, a liability adequacy test is performed, to ensure the adequacy of unearned premiums net of related deferred acquisition cost assets, using current estimates of future contractual cash flows. Any inadequacy is charged to the income statement by establishing an unexpired risk provision.
The unexpired risk reserve is calculated based on claims and administration expenses that may arise after the balance sheet date and relates to premiums that concluded after that date, to the extent that the likely amount exceeds the reserve for unearned premiums, net of any deferred acquisition costs.

Fee and commission income
Policyholders are charged for policy administration services. The fee is recognised in the income statement on the same basis as the relevant insurance premiums.

Commissions receivable from reinsurers are recognised on the accruals basis.

2.7 Foreign currency translation

The financial statements are presented in United States Dollars (US$), which is the functional and presentation currency of the Company. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to United States Dollars (US$) at the rate of exchange ruling at the balance sheet date. All differences arising on translation are taken to the income statement, with the exception of differences on foreign currency liabilities that provide a hedge against a net investment in a foreign entity. These are taken directly to the foreign exchange differences reserve until the disposal of the net investment, at which time they are transferred to the income statement.

2.8 Interest income

Interest income is recognised as the interest accrues, taking into account the effective yield on the asset.

2.9 Rental income

Rental income from investment property is accounted for on a straight-line basis over the lease term.

2.10 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

2.11 Finance costs

Finance costs include interest expense and bank charges, which are recognised as they accrue.

2.12 Retirement benefits

The Company operates a defined contribution retirement plan that requires the payment of contributions to a separately administered fund (funded scheme).

The cost of providing benefits under the defined contribution plan is recognised in the income statement on an accruals basis.

2.13 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents consist of cash at banks and at hand and short term deposits with an original maturity of three months from the date of acquisition.

2.14 Investments

Investments are classified as available for sale. The decision for the classification is made at the date of acquisition.

Investments intended either to be held until maturity or to be sold in response to changes in interest rates or market risks, liquidity requirements or changes in exchange rates are classified as available for sale.

All investments are initially measured at fair value including all directly attributable transaction costs.

All regular way purchases and sales of investments are recognised at the trade date, which is the date that the Company commits to purchase or sell the asset. All other purchases and sales are recognised as derivative forward contracts until settlement.

Investments are derecognised when the contractual rights to the cash flows expire or when the Company transfers substantially all the risks and rewards of ownership.

After initial recognition available for sale investments are measured at fair value, based on quoted bid prices for listed securities. The fair value of unlisted securities is estimated using appropriate models and valuation methods and/or on the basis of the investee's financial results, conditions and prospects compared to similar companies for which quoted market prices are available.

Gains and losses arising from changes in the fair value of available for sale investments are recognised in equity. In case of sale or impairment, the profit or loss recognised in equity is transferred to the income statement.

Investments in equity shares available for sale are impaired if the decline in their fair value is significant or prolonged. Investments in bonds available for sale are impaired when there is objective evidence that the full amount of the investment will not be received. The amount of the impairment loss for debt securities is the difference between cost/impaired value and fair value.

Impairment losses on investments in debt securities previously recognised in the income statement are reversed through the income statement. Impairment losses on investments in equity shares are not reversed through the income statement. Potential increases in the fair value following impairment are recognised in the revaluation reserve.

Interest earned on debt securities is reported as interest income in the period in which the investments are held. Dividend income from equity shares is recognised when the shareholders' right to receive the payment is established.

2.15 Balances with reinsurers

The Company cedes the risks from insurance contracts made in the normal course of business. Amounts due from reinsurers include the reinsurers' share of insurance contracts liabilities and are estimated based on the terms of the reinsurance contracts.

Amounts due from reinsurers are reviewed for impairment and are impaired when there is objective evidence that the Company may not collect all amounts due under the terms of the reinsurance contract.

2.16 Premiums receivable and other debtors

Premiums receivable and other debtors are presented in the balance sheet net of specific provisions for doubtful debts which may arise in the ordinary course of business.

A specific provision is made where there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is estimated as the difference between the carrying amount and its estimated recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate.

2.17 Property and equipment

Owner-occupied property is property held by the Company for use in the supply of services or for administrative purposes.

Owner-occupied property is initially measured at cost and subsequently measured at fair value. Valuations are carried out annually by independent qualified valuers. On disposal of freehold land and buildings, the relevant revaluation reserve balance is transferred to retained earnings.

Equipment is measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on cost on a straight line basis over its estimated useful life, using the following annual rates:

Furniture and office equipment	10%/ 20%
Computer equipment	20%
Motor vehicles	15%

Leasehold improvements are depreciated at an annual rate of 25%.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.18 Investment property

Investment property is property held by the Company to earn rentals and/or for capital appreciation. If a property of the Company includes a portion that is owner-occupied and another portion that is held to earn rentals and/or for capital appreciation, the classification is based on whether or not these portions can be sold separately. Otherwise, the whole property is classified as owner-occupied property unless the owner-occupied portion is insignificant. The classification of property is reviewed on a regular basis to account for major changes in its use.

Investment property is initially recognised at cost, which includes transaction costs and is measured at fair value at the balance sheet date. Gains or losses arising from changes in fair value are included in the income statement. The valuations are carried out by independent qualified valuers.

2. Summary of significant accounting policies (continued)

2.19 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any impairment in value.

Amortisation is calculated on cost on a straight-line basis over the estimated useful life of the assets, of 3 years for computer software and 5 years for recruitment bonuses. The cost of rebranding and image was fully written off in the year of acquisition.

At the balance sheet date the carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. When the carrying values exceed the estimated recoverable amount, intangible assets are written down to their recoverable amount.

2.20 Income tax

Income tax is estimated in accordance with the fiscal regulations and rates, which apply in the countries where the Company carries on its operations and is recognised as an expense in the period in which the income arises. Deferred tax is provided using the liability method.

Deferred income tax liabilities are recognised for all taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date for financial reporting purposes, which will result in taxable amounts in future periods.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unutilised tax losses to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and carry-forward of unutilised tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise all or part of the deductible temporary differences or tax losses.

Deferred income tax liabilities and assets are measured at the amount that is expected to be paid or recovered from the tax authorities after taking into account the tax rates and legislation that have been enacted or substantially been enacted by the balance sheet date.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

2.21 Provisions for pending litigation or claims

Provisions for pending litigation or claims against the Company are recognised when: (a) there is a present obligation (legal or constructive) arising from past events, (b) its settlement is expected to result in an outflow of resources embodying economic benefits, and (c) a reliable estimate of the amount of the obligation can be made.

2.22 Comparative amounts

Comparative amounts were restated to conform with the presentation adopted in the current reporting period.

3. General insurance business

***Earned premium income and reinsurance premiums** (Note 14)*

	2011 *US$*	*2010* *US$*
Total gross premiums	51.190.696	34.803.069
Change in the provision for unearned premiums	(4.323.217)	79.174
Gross earned premiums	46.867.479	34.882.243
Total reinsurance premiums	(37.215.911)	(27.429.015)
Change in the provision for unearned reinsurance premiums	1.816.746	(2.654.814)
Earned reinsurance premiums	(35.399.165)	(30.083.829)
Net earned premiums	11.468.314	4.798.414

Deferred acquisition costs

	2011 *US$*	*2010* *US$*
1 January	926.674	305.030
Deferred acquisition costs for the year	(12.822.363)	(7.369.739)
Acquisition costs charged to the income statement	13.542.315	7.991.383
31 December	1.646.626	926.674

The change in deferred acquisition costs for the year is included in other income from insurance operations in the income statement.

The following additional information are disclosed for direct business in Cyprus, in accordance with the Accounting Orders issued under section 87(2) of the Laws on Insurance Services and other Related issues:

	Accident and health class €	*Motor Vehicle liability class* €	*Motor Vehicle, other classes* €	*Ships, goods in transit and aircraft liability class* €	*Fire and natural forces and other damage to property class* €	*General liability class* €	*Credit and guarantee* €	*Miscellaneous financial loss legal expenses and assistance class* €	*Total 2011* €	*Total 2010* €
Gross premiums written	442.329	6 685.897	2 171.379	21.491	1.654 895	721 343	-	1.998	11.699.332	6 312.130
Reinsurers' share of Gross premiums Written	33 263	214 799	51.779	19 457	813.005	72 889	-	1 404	1 206 596	908 033
Gross earned premiums	360 210	5.591 800	1 553 167	21 070	1 401 933	595.596	-	16 209	9 539 985	4 272.501
Gross outstanding claims	60 083	1 164 834	904 487	354	211 918	163.913	-	-	2 505.589	1 022.111
Gross claims incurred	174.710	2 203 732	1 821 409	354	228 197	92 920	-	-	4 521 322	1 970 666
Gross claims charges	116.965	1 459 419	1.375 511	-	61 420	24 529	-	-	3 037 844	1 289.400
Gross operating expenses – other than commissions	89 603	1 537 279	370 576	4 218	337 405	144 492	-	409	2 483 982	1 821 671
Commissions	64 826	1 119 340	599 385	4 367	279 495	122 171	-	129	2 189 713	907 769
Reinsurers' share of insurance contracts liabilities	4 268	-	982	3 341	335 459	26 796	-	1.051	371 897	310 511

During the year 2011, 1.353 (2010: 691) claims were incurred relating to the motor vehicle liability class, of which 401 (2010: 212) were outstanding at 31 December 2011, and their average cost was €1.337 (2010: €1.401).

4. Administrative expenses for insurance operations

	2011	*2010*
Staff costs:	*US$*	*US$*
Salaries	2.434.251	2.539.078
Employer's contributions for social insurance etc.	157.265	108.595
Retirement benefit plan costs	22.328	-
Other staff costs	414.339	114.745
	3.028.183	2.762.418
Professional fees	112.114	85.903
Selling and advertising costs	338.201	382.100
Rent payable for operating leases of land and buildings	169.257	118.745
Electricity, heating and water	79.053	54.810
Insurance, taxes and maintenance of building	109.496	68.867
Maintenance of office equipment	40.091	33.787
Computer expenses	31.566	59.988
Printing and stationery	111.034	95.778
Telephone expenses	73.427	70.760
Postages and courier expenses	23.090	17.435
Subscriptions	36.632	53.804
Entertainment expenses	30.149	52.090
Travelling expenses	48.016	99.994
Motor vehicle expenses	71.307	59.965
Other	19.410	25.060
Provision for doubtful debts	98.155	61.768
Depreciation of property and equipment	182.189	235.426
Amortisation of intangible assets	825.879	145.272
	5.427.249	4.483.970

Total staff costs for the year are included in "Administrative expenses for insurance operations" in the income statement.

The number of employees of the Company as at 31 December 2011 was 70 persons (31 December 2010: 75).

Retirement benefit plan costs

	2011	*2010*
	US$	*US$*
Plans		
Defined contribution	22.328	-
	22.328	-

Cyprus

The Company operates since August 2011 a retirement benefit plan covering all of its permanent employees in Cyprus totalling 29 employees. The plan is funded and held in separately administered funds.

5. Other income and other operating and administrative expenses

	2011	2010
Other income	US$	US$
Other fee income	3.487.285	4.122.571
Dividends	309.114	306.759
Profit on disposal of assets	-	12.848
	3.796.399	4.442.178
Other operating and administrative expenses		
Director's fees	84.738	62.325
Loss on disposal and write-off of assets	3.586	-
Professional fees	103.902	84.098
	192.226	146.423

Professional fees include fees (including taxes) of independent auditors of Ernst &Young, for audit and other professional services rendered to the Company, by Ernst & Young Cyprus Ltd and their associates internationally, as follows:

	2011	2010
	US$	US$
Fees for the audit of Financial Statements	14.849	-
Fees for other services of audit nature	-	-
Fees for tax services	-	-
	14.849	-

6. Income Tax

	2011	2010
	US$	US$
Income Statement		
Current income tax		
Cyprus tax corporation levy	494	-
Cyprus defence contribution	-	-
Prior years' tax adjustments	(3.871)	-
Income tax income as reported in the income statement	(3.377)	-

The reconciliation between income tax expense and profit before income tax, as estimated using the current tax rates, is set out below:

	2011	2010
	US$	US$
Profit from operating activities before income tax	2.428.318	1.548.807
Tax at the normal rates in Cyprus	242.832	154.881
Tax effect of profits not subject to Cyprus tax	(298.708)	(301.807)
Effect of tax losses not recognised	55.876	146.926
Cyprus tax corporation levy	494	-
Other – prior years tax adjustments	(3.871)	-
Income tax for the year	(3.377)	-

Corporation tax in Cyprus is calculated at the rate of 10% on the taxable income of the year (2010: 10%). Defence contribution is calculated at the rate of 3% on rental income.

As at 31 December 2011 the balance of tax losses which is available for offset against future taxable profits amounts to US$2.321.462 (2010:US$ 2.876.002).

7. Property and Equipment

	Property	Leasehold improvements	Motor vehicles	Computer hardware	Furniture equipment	Total
	US$	US$	US$	US$	US$	US$
2011						
Cost or Valuation						
1 January	6.497.884	91.975	426.979	416.801	432.982	7.866.621
Revaluation	468.272	-	-	-	-	468.272
Additions	-	-	112.261	72.376	93.423	278.060
Disposal and write-offs	-	-	(57.462)	(193.576)	(40.951)	(291.989)
Exchange difference	(146.642)	(2.076)	(3.826)	(3.693)	(5.787)	(162.024)
31 December	6.819.514	89.899	477.952	291.908	479.667	8.158.940
Depreciation						
1 January	-	41.022	262.737	251.904	201.089	756.752
Charge for the year	-	24.267	59.571	46.289	52.062	182.189
Disposals and write-offs	-	-	(9.910)	(88.686)	(23.691)	(122.287)
Exchange difference	-	(2.719)	(4.043)	6.183	(15.109)	(15.688)
31 December	-	62.570	308.355	215.690	214.351	800.966
Net book value						
31 December	6.819.514	27.329	169.597	76.218	265.316	7.357.974
2010						
Cost or Valuation						
1 January	6.388.265	77.234	409.521	374.228	328.457	7.577.705
Revaluation	533.484	-	-	-	-	533.484
Additions	-	19.865	50.664	85.742	118.044	274.315
Disposal and write-offs	-	-	(21.580)	(34.420)	(3.022)	(59.022)
Exchange difference	(423.865)	(5.124)	(11.626)	(8.749)	(10.497)	(459.861)
31 December	6.497.884	91.975	426.979	416.801	432.982	7.866.621
Depreciation						
1 January	-	644	231.037	219.880	144.384	595.945
Charge for the year	-	41.835	58.262	71.249	64.080	235.426
Disposals and write-offs	-	-	(21.580)	(34.420)	(2.523)	(58.523)
Exchange difference	-	(1.457)	(4.982)	(4.805)	(4.852)	(16.096)
31 December	-	41.022	262.737	251.904	201.089	756.752
Net book value						
31 December	6.497.884	50.953	164.242	164.897	231.893	7.109.869

7. Property and Equipment (continued)

All property is freehold and is shown at valuation carried out by independent qualified valuers at 31 December 2011. The cumulative revaluation surplus amounted to US$3.735.462 and is included in the property revaluation reserve. The historical cost of property amounts to US$3.630.718.

All property is used for the Company's business purposes.

The net book value of freehold property, on a cost less accumulated depreciation basis, as at 31 December 2011 would have amounted to US$2.977.189 (2010: US$3.049.803).

8. Intangible Assets

	Computer software US$	*Recruitment bonuses US$*	*Rebranding & image cost US$*	*Total US$*
2011				
Cost or Valuation				
1 January	305.883	436.620	-	742.503
Additions	62.049	299.052	604.885	965.986
Disposals and write offs	(46.556)	-	-	(46.556)
Exchange difference	(1.129)	(9.854)	-	(10.983)
31 December	320.247	725.818	604.885	1.650.950
Depreciation				
1 January	212.982	91.919	-	304.901
Charge for the year	65.467	155.527	604.885	825.879
Disposals and write offs	(33.085)	-	-	(33.085)
Exchange difference	(2.073)	(13.562)	-	(15.635)
31 December	243.291	233.884	604.885	1.082.060
Net book value				
31 December	76.956	491.934	-	568.890
2010				
Cost or Valuation				
1 January	268.947	120.397	-	389.344
Additions	40.998	324.211	-	365.209
Disposals	(2.834)	-	-	(2.834)
Exchange difference	(1.228)	(7.988)	-	(9.216)
31 December	305.883	436.620	-	742.503
Depreciation				
1 January	160.325	6.106	-	166.431
Charge for the year	56.083	89.189	-	145.272
Disposals	(2.834)	-	-	(2.834)
Exchange difference	(592)	(3.376)	-	(3.968)
31 December	212.982	91.919	-	304.901
Net book value				
31 December	92.901	344.701	-	437.602

9. Investments

	2011 US$	*2010 US$*
Equity shares		
Listed on the Cyprus Stock Exchange	255	310
Listed on Qatar Stock Exchange	4.228.069	4.331.601
Listed on Jordan Stock Exchange	3.082.497	4.962.236
	7.310.821	9.294.147

Income from investments amounted to US$309.114 (2010: US$306.759) and is included in "Other income" in the income statement.

The movement for the years 2011 and 2010 is summarised below:

	Cost 2011 US$	*Exchange differences 2011 US$*	*Revaluation 2011 US$*	*Carrying amount 2011 US$*	*Carrying amount 2010 US$*
Equity Shares available for sale					
1 January	13.491.938	(406.207)	(3.791.584)	9.294.147	7.290.576
Revaluation	-	-	(1.871.333)	(1.871.333)	2.409.778
Exchange difference	-	(101.386)	(10.607)	(111.993)	(406.207)
31 December	13.491.938	(507.593)	(5.673.524)	7.310.821	9.294.147

The investments are measured at fair value and are based on quoted prices in active markets.

10. Deposits with other banks

Description	*Period*	*Interest Rate*	*2011 US$*	*2010 US$*
Current Accounts		0%-3%	2.958.554	1.656.463
Term deposits	1-3 months	3%-6%	1.443.601	1.306.931
Term deposits	12 months	4.20%	657.236	-
			5.059.391	2.963.394

An amount of US$8.227 or €6.290 is blocked as security for a letter of guarantee in favor of a local municipality (2010: US8.417 or €6.290).

11. Other debtors and prepayments

	2011 US$	*2010 US$*
Amounts receivable from Insurance Pools	123.841	89.555
Investment income receivable	2.918	2.660
Other debtors and prepayments	421.296	1.159.611
	548.055	1.251.826

Other debtors and prepayments represent balances that are repayable during the normal course of the Company's operations and are interest-free.

12. Cash and cash equivalents

Cash and cash equivalents comprise of:

	2011 *US$*	*2010* *US$*
Cash with banks	2.958.554	1.306.931
Term deposits with other banks *(Note 10)*	2.100.837	1.656.463
Cash in hand	76.307	6.356
	5.135.698	2.969.750

13. Share Capital

	2011		*2010*	
	Shares	*US$*	*Shares*	*US$*
Authorised				
12.000.000 Shares of US$1 each	12.000.000	12.000.000	30.312.500	30.312.500
Issued and fully paid				
12.000.000 Shares of US$1 each	12.000.000	12.000.000	30.312.500	30.312.500

On 20 January 2011, the Company reduced its issued and fully paid share capital to 12.000.000 ordinary shares of US$1 each. The share premium of US$2.132.500 as at 31 December 2010 arose from the increase of the share capital on 27 April 2005 which was issued at a premium.

14. General insurance contract liabilities

	2011			*2010*		
	Insurance Contract Liabilities *US$*	*Reinsurers' share of liabilities* *US$*	*Net liabilities* *US$*	*Insurance Contract Liabilities* *US$*	*Reinsurers' share of liabilities* *US$*	*Net liabilities* *US$*
Provision for outstanding claims reported	20.970.572	18.079.554	2.891.018	23.786.523	22.310.149	1.476.374
Provisions for claims incurred but not enough reported (IBNER)	378.575	-	378.575	107.278	-	107.278
Provisions for claims incurred but not reported (IBNR)	187.041	-	187.041	65.350	-	65.350
Total outstanding claims	21.536.188	18.079.554	3.456.634	23.959.151	22.310.149	1.649.002
Provision for unearned premiums	24.382.558	17.778.181	6.604.377	20.059.341	15.961.435	4.097.906
Provision for unexpired risks reserve	135.499	-	135.499	597.648	-	597.648
Total general insurance contract liabilities	46.054.245	35.857.735	10.196.510	44.616.140	38.271.584	6.344.556

14. General insurance contract liabilities (continued)

The provisions for outstanding claims reported by policyholders, claims incurred but not enough reported (IBNER) and claims incurred but not reported (IBNR) are analysed as follows:

	2011 Insurance contract liabilities US$	*2011* Reinsurers' share of liabilities US$	*2011* Net liabilities US$	*2010* Insurance contract liabilities US$	*2010* Reinsurers' share of liabilities US$	*2010* Net liabilities US$
1 January	(23.959.151)	(22.310.149)	(1.649.002)	(26.710.234)	(25.994.321)	(715.913)
Provision for the year	30.778.986	30.082.599	696.387	37.068.263	36.739.554	328.709
Claims paid during the year	14.716.353	10.307.104	4.409.249	13.601.122	11.564.916	2.036.206
31 December	21.536.188	18.079.554	3.456.634	23.959.151	22.310.149	1.649.002

The provision for unearned premiums is analysed as follows:

	2011 Insurance contract liabilities US$	*2011* Reinsurers' share of liabilities US$	*2011* Net liabilities US$	*2010* Insurance contract liabilities US$	*2010* Reinsurers' share of liabilities US$	*2010* Net liabilities US$
1 January	20.059.341	15.961.435	4.097.906	20.138.515	18.616.249	1.522.266
Premiums incurred during the year	51.190.696	37.215.911	13.974.785	34.803.069	27.429.015	7.374.054
Accrued premiums for the year	(46.867.479)	(35.399.165)	(11.468.314)	(34.882.243)	(30.083.829)	(4.798.414)
31 December	24.382.558	17.778.181	6.604.377	20.059.341	15.961.435	4.097.906

The provision for unexpired risks reserve is analysed as follows:

	2011 Insurance contract liabilities US$	*2011* Reinsurers' share of liabilities US$	*2011* Net liabilities US$	*2010* Insurance contract liabilities US$	*2010* Reinsurers' share of liabilities US$	*2010* Net liabilities US$
1 January	597.648	-	597.648	488.935	-	488.935
Provision for the year	(462.149)	-	(462.149)	108.713	-	108.713
31 December	135.499	-	135.499	597.648	-	597.648

15. Taxation

Income taxes payable comprise of:

	2011 US$	2010 US$
Income tax payable	8.044	8.231
Defence contribution payable	11.081	11.081
	19.125	19.312

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

16. Related party transactions

Balances due from/ (to) related parties as at 31 December 2011, were as follows:

	2011 US$	2010 US$
Premiums receivable from related companies	4.698.803	8.575.813
Premiums receivable from parent company	12.065	10.721
Premiums receivable from/ (to) directors	1.153	(1.366)
Other receivables from related companies	11.495.571	5.139.715
Other payables to related companies	(2.517.082)	(871.065)

Income/(expenses) from related party transactions in the years ended 31 December, were as follows:

	2011 US$	2010 US$
Gross premiums ceded by related companies	35.783.896	26.633.543
Direct insurance premiums with directors	27.710	11.950
Direct insurance premiums with parent company	15.298	12.687
Rent and utilities charged to parent company	40.052	80.011
Internal audit fees and other expenses charged by parent company	(31.380)	(38.015)
Fees from related companies	3.497.650	4.129.193

The compensation of the Directors and the Chief Executive Officer for the years ended 31 December was as follows:

	2011 US$	2010 US$
Directors		
Fees	84.738	62.325
Chief Executive Officer		
Salary and other short term benefits	201.253	200.825
Employer's contributions for social insurance, etc.	10.138	9.076
Retirement benefit plan costs	3.802	-
	215.193	209.901

17. Other creditors and accrued expenses

	2011	*2010*
	US$	*US$*
Amounts due to reinsurers for premium reserve retained	177.827	119.311
Amounts payable to Insurance pools	2.259.429	2.255.197
Amounts due to claimants	156.421	119.924
Motor Insurers Fund	128.036	80.671
Provision for expenses	513.700	479.843
Other creditors and provisions	4.537.958	2.037.506
	7.773.371	5.092.452

Other creditors and accrued expenses represent balances that are repayable during the normal course of the Company's operations and are interest-free.

18. Fair values of financial instruments

Fair value is the amount which an asset could be exchanged for, or a liability settled at an arm's length transaction.

As the majority of the assets and liabilities are either short-term or are carried at fair value, management is of the opinion that the fair value of financial instruments is approximately equal to their carrying amount.

19. General insurance contract liabilities – terms and conditions, assumptions and sensitivity of results

The Company is engaged in general insurance business in respect of the business classes mentioned in Note 3.

Risks under these policies usually cover a period of 12 months, with the exception of the goods in transit business class that covers shorter periods and the business class for contractors insuring all risks that covers longer periods.

The liabilities for outstanding claims arising from insurance contracts issued by the Company are calculated based on estimates by loss adjusters and facts known at the balance sheet date. With time, these estimates are reconsidered and any adjustments are recognised in the financial statements of the period in which they arise.

The principal assumptions underlying the estimates for each claim are based on past experience and market trends and they take into consideration claims handling costs, inflation and claim numbers for each accident year. Also external factors that may affect the estimate of claims, such as recent court rulings and the introduction of new legislation are taken into consideration.

The insurance contract liabilities are sensitive to changes in the above key assumptions. The sensitivity of certain assumptions, such as the introduction of new legislation and the rulings of certain court cases, is very difficult to be quantified. Furthermore, the delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement increase the uncertainty over the cost of claims at the balance sheet date.

19. General insurance contract liabilities – terms and conditions, assumptions and sensitivity of results (continued)

The table below demonstrates the development of claims estimates over the last four years for direct business in Cyprus. In addition the reconciliation of these estimates with the total liability included in the balance sheet of the current year is demonstrated below:

	2008 and prior years	*2009*	*2010*	*2011*	*Total*
	US$	*US$*	*US$*	*US$*	*US$*
Year of loss	192.211	323.165	2.530.879	5.114.131	8.160.386
After a year	(33.361)	17.012	402.339	-	385.990
After two years	(21.871)	536	-	-	(21.335)
Present estimate for claim	136.979	340.713	2.933.218	5.114.131	8.525.041
Total payments	(136.979)	(300.361)	(2.215.805)	(3.160.202)	(5.813.347)
Total outstanding claims included in the balance sheet	-	40.352	717.413	1.953.929	2.711.694
Share of reinsurers included in the balance sheet	-	(1.028)	(15.662)	(62.721)	(79.411)
Net liability included in the balance sheet	-	39.324	701.751	1.891.208	2.632.283

20. Risk management

The Company, in the ordinary course of business, is exposed to a variety of risks, the most important of which are insurance risk, fluctuations in the prices of investments, exchange and interest rates, liquidity risk and credit risk.

These risks are identified, measured and monitored through various control mechanisms in order to prevent undue risk concentrations.

Insurance Risk

The risk of an insurance policy occurs from the uncertainty of the amount and time of presentation of the claim. Therefore the level of risk is determined by the frequency of such claims, by the severity and their evolution from one period to the next.

For the general insurance industry, the major risks are the results of major catastrophic events such as natural disasters. These risks vary depending on location, type and nature. The variability of risks is mitigated by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected by changes in any subset of the portfolio. The exposure of the Company to insurance risks is also reduced by the following measures:

- Introduction of strict underwriting policies
- Strict review of all claims that occur
- Immediate assessment and processing of claims to minimise the possibility of negative development in the long run, and
- Use of effective reinsurance arrangements in order to limit exposure to catastrophic events.

Market risk

Market risk is the risk of loss arising from adverse movements in exchange rates, interest rates and security prices.

20. Risk management (continued)

Interest rate risk

Interest rate risk arises as a result of timing differences on the repricing of deposits and other investments and interest-bearing liabilities. The Company closely monitors interest rate movements and the repricing maturity structure of assets and liabilities which are subject to changes in interest rates or have fixed rates.

Interest rate risk is measured using interest rate sensitivity gap analysis where the difference between assets and liabilities repricing in each time band is calculated. This difference is then multiplied with the assumed change in interest rates for the period from the repricing date until twelve months from the date of the analysis, in order to find the annual impact on earnings of any changes in interest rates for the next twelve months.

The table below indicates the effect on the Company's net interest income, over a one-year period, from reasonably possible changes in the interest rates:

Changes in interest rates	*Effect on the Company's net interest income*
2011	*US$*
+ 0,5%	1.730
- 0,5%	(1.730)
2010	
+ 0,5%	922
- 0,5%	(922)

Currency risk

The risk of changes in currency rates occurs when the Company has an open currency position in any currency and is the risk of losses from adverse changes to the exchange rates. This relates mainly to investments in debt securities and shares denominated in foreign currencies and the risk is restricted since the investments are restricted in predetermined levels.

Price risk

Price risk is the risk of adverse movements in the market prices of equity shares.

Equity securities price risk

The risk of loss from changes in the price of equity shares, arises when there is an adverse change in the price of investments in equity securities held by the Company.

The Company monitors this risk on a regular basis, in order to ensure it remains within acceptable levels.

20. Risk management (continued)

A change in the prices of equity securities classified as 'available for sale' affects equity (unless there is an impairment). The table below indicates how equity will be affected from a change in the price of the equity securities held, as a result of reasonably possible changes in the relevant stock exchange indices.

	Changes to the Index	*Effect on equity*
	%	*US$*
2011		
Qatar/ Jordan Stock Exchange	+30	2.193.000
Qatar/ Jordan Stock Exchange	-30	(2.193.000)
2010		
Qatar/ Jordan Stock Exchange	+25	2.323.500
Qatar/ Jordan Stock Exchange	-25	(2.323.500)

Liquidity risk

Liquidity risk is the risk that the Company will suffer losses as a result of their inability to fully meet payment obligations as and when they fall due. To manage this risk, the Company maintains at all times cash at bank and other highly liquid assets in order to prevent undue risk concentrations.

Analysis of financial liabilities by remaining contractual maturity

31 December 2011	*Within one year*	*Over one year*	*Total*
	US$	*US$*	*US$*
Assets			
Property and equipment	-	7.357.974	7.357.974
Intangible assets	-	568.890	568.890
Investments	7.310.821	-	7.310.821
Premiums receivable	9.442.170	-	9.442.170
Deferred acquisition costs	1.641.917	4.709	1.646.626
Other debtors and prepayments	548.055		548.055
Related companies	11.495.571	-	11.495.571
Reinsurers current accounts	1.304.699	-	1.304.699
Reinsurers' share of insurance contract liabilities	35.857.735	-	35.857.735
Cash and cash equivalents	5.135.698	-	5.135.698
Total assets	72.736.666	7.931.573	80.668.239
Liabilities			
Income received in advance	-	2.796.924	2.796.924
Insurance contract liabilities	46.029.178	25.067	46.054.245
Other creditors and accrued expenses	7.773.371	-	7.773.371
Payables to related companies	2.517.082	-	2.517.082
Reinsurers current accounts	3.164.376	-	3.164.376
Income tax payable	19.125	-	19.125
Total liabilities	59.503.132	2.821.991	62.325.123
Net position	13.233.534	5.109.582	18.343.116

20. Risk management (continued)

Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturity

31 December 2010	*Within one year*	*Over one year*	*Total*
	US$	*US$*	*US$*
Assets			
Property and equipment	-	7.109.869	7.109.869
Intangible assets	-	437.602	437.602
Investments	9.294.147	-	9.294.147
Premiums receivable	11.436.682	-	11.436.682
Deferred acquisition costs	909.220	17.454	926.674
Other debtors and prepayments	1.251.826	-	1.251.826
Related companies	5.139.715	-	5.139.715
Reinsurers' current accounts	367.312	-	367.312
Reinsurers' share of insurance contract liabilities	38.175.821	95.763	38.271.584
Cash and cash equivalents	2.969.750	-	2.969.750
Total assets	69.544.473	7.660.688	77.205.161
Liabilities			
Income received in advance	-	2.837.207	2.837.207
Insurance contract liabilities	44.520.377	95.763	44.616.140
Other creditors and accrued expenses	5.092.452	-	5.092.452
Payables to related companies	871.065		871.065
Reinsurers' current accounts	5.891.887	-	5.891.887
Income tax payable	19.312	-	19.312
Total liabilities	56.395.093	2.932.970	59.328.063
Net position	13.149.380	4.727.718	17.877.098

Credit risk

Credit risk is the risk of failure by counterparties to perform under their contractual obligations.

The Company is transacting with a large number of clients, brokers and agents in order to achieve adequate diversification of credit risk.

Credit risk is further reduced as the Company monitors credit exposures on a regular basis and, when necessary, provides for any doubtful debts.

20. Risk management (continued)

The tables below present the maximum credit risk exposure arising from the various financial assets in accordance with their credit rating as determined by Moody's:

31 December 2011	*Aa3 to A1*	*B1-B2*	*Caa1-C*	*D+*	*Unrated*	*Total*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
Shares (Note 9)	635.813	-	-	3.592.256	3.082.752	7.310.821
Deposits with other banks (Note 10)	-	1.412.486	1.844.335	-	1.802.570	5.059.391
Current accounts with reinsurers	20.555	-	-	-	1.284.144	1.304.699
Reinsurers' shares of insurance contract liabilities (Note 14)	-	-	-	-	35.857.735	35.857.735
Total	656.368	1.412.486	1.844.335	3.592.256	42.027.201	49.532.646

Capital management

The adequacy of the Company's capital is monitored by the Superintendent of Insurance (Ministry of Finance) in order to ensure a minimum margin of solvency. The required minimum capital is determined in order to ensure the minimum solvency margin. The Company also maintained additional capital to support its business goal and to maximize its shareholder's value.

The Company manages its capital base annually, by assessing potential deficit between the current level and the required capital to support its work. Adjustments to current levels of capital may take place because of changes in economic conditions and the dangers that characterize the activities of the Company. To maintain the required capital the Company may adjust the amount of dividends paid to the parent company.

The minimum solvency margin required by the Insurance Legislation and is calculated using a formula that contains variables for premiums, claims and reserves amounted to US$4.578.000 or €3.500.000 and US$4.683.700 or €3.500.000 for the years 2011 and 2010 respectively.

The Company fully complies with the legal capital requirements set by the Superintendent of Insurance, during the reported accounting periods.

21. Capital commitments

At 31 December 2011 and 2010 the Company had no commitments for capital expenditure.

22. Events after the reporting date

There were no material events after the reporting period which have a bearing on the understanding of the Financial Statements.