ARABIAN SCANDINAVIAN INSURANCE COMPANY P.L.C.

Review report and interim financial information for the period ended 31 March 2013

ARABIAN SCANDINAVIAN INSURANCE COMPANY P.L.C.

Contents **Pages**

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Arabian Scandinavian Insurance Company P.L.C.
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed statement of financial position of Arabian Scandinavian Insurance Company P.L.C., Dubai, United Arab Emirates, as at 31 March 2013 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34: *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: *"Interim Financial Reporting"*.

Deloitte & Touche (M.E.)

Samir Madbak
Registration Number 386
8 May 2013

Condensed statement of financial position at 31 March 2013

	Notes	31 March 2013 (unaudited) AED	31 December 2012 (audited) AED
ASSETS			
Non-current assets			
Property and equipment	4	279,801	290,281
Investment properties	5	205,819,426	205,595,226
Financial investments designated at fair value through other comprehensive income (FVTOCI)	6	12,505,874	12,881,703
Statutory deposits	7	10,000,000	10,000,000
Total non-current assets		228,605,101	228,767,210
Current assets			
Re-insurance contract assets	8	22,165,092	19,613,580
Insurance and other receivables		20,941,381	17,949,060
Due from related parties		5,769,734	2,876,704
Financial investments at FVTPL	6	7,839,688	18,655,590
Bank balances and cash	9	81,695,416	88,467,447
Total current assets		138,411,311	147,562,381
Total assets		367,016,412	376,329,591
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	140,000,000	140,000,000
Statutory reserve		48,423,287	48,423,287
General reserve		40,533,087	40,533,087
Cumulative change in fair value		(2,197,711)	(2,420,006)
Retained earnings		46,979,975	62,823,946
Total equity		273,738,638	289,360,314
Non-current liabilities			
Provision for employees' end of service indemnity		1,515,306	1,580,010
Current liabilities			
Insurance contract liabilities	8	56,018,622	54,278,269
Insurance and other payables		35,652,312	30,945,823
Due to related parties		91,534	165,175
Total current liabilities		91,762,468	85,389,267
Total liabilities		93,277,774	86,969,277
Total equity and liabilities		367,016,412	376,329,591

Ahmad M. A. Al Kazim
Managing Director

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of income (unaudited) for the period ended 31 March 2013

		Three month period ended 31 March	
		2013	2012
	Notes	**AED**	AED
Insurance premium revenue	**11**	**21,332,816**	20,807,249
Insurance premium ceded to re-insurers	**11**	**(9,888,356)**	(10,073,254)
Net insurance premium revenue	**11**	**11,444,460**	10,733,995
Gross claims incurred		**(13,582,850)**	(7,246,283)
Insurance claims recovered from re-insurers		**6,862,316**	1,925,649
Net claims incurred		**(6,720,534)**	(5,320,634)
Gross commission earned		**1,542,232**	4,371,899
Less: commission incurred		**(2,272,110)**	(2,108,000)
Net commission (incurred)/earned		**(729,878)**	2,263,899
Underwriting profit		**3,994,048**	7,677,260
General and administrative expenses relating to underwriting activities		**(3,613,719)**	(3,184,608)
Net underwriting profit		**380,329**	4,492,652
Investment income		**6,490,466**	7,564,353
Other income		**1,042**	1,853
Profit for the period		**6,871,837**	12,058,858
Basic earnings per share	**12**	**0.05**	0.09

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of comprehensive income (unaudited)
for the period ended 31 March 2013

	Three month period ended 31 March	
	2013	2012
	AED	AED
Profit for the period	**6,871,837**	12,058,858
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to profit or loss:		
Net fair value gain on investments designated at FVTOCI	**71,969**	962,180
Gain on sale of investments designated at FVTOCI	**34,518**	310,800
Board of Directors' remuneration paid	**(1,600,000)**	(900,000)
Other comprehensive (loss)/income for the period	**(1,493,513)**	372,980
Total comprehensive income for the period	**5,378,324**	12,431,838

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of changes in equity
for the period ended 31 March 2013

	Share capital AED	Statutory reserve AED	General reserve AED	Cumulative change in fair value AED	Retained earnings AED	Total AED
Balance at 31 December 2011 (Audited)	140,000,000	45,172,928	37,282,728	(3,978,978)	52,392,148	270,868,826
Profit for the period	-	-	-	-	12,058,858	12,058,858
Other comprehensive income for the period	-	-	-	962,180	(589,200)	372,980
Total comprehensive income for the period	-	-	-	962,180	11,469,658	12,431,838
Dividend (Note 14)	-	-	-	-	(14,000,000)	(14,000,000)
Transfer to retained earnings on sale of FVTOCI	-	-	-	881,577	(881,577)	-
Balance at 31 March 2012 (Unaudited)	140,000,000	45,172,928	37,282,728	(2,135,221)	48,980,229	269,300,664
Balance at 31 December 2012 (Audited)	140,000,000	48,423,287	40,533,087	(2,420,006)	62,823,946	289,360,314
Profit for the period	-	-	-	-	6,871,837	6,871,837
Other comprehensive loss for the period	-	-	-	71,969	(1,565,482)	(1,493,513)
Total comprehensive income for the period	-	-	-	71,969	5,306,355	5,378,324
Dividend (Note 14)	-	-	-	-	(21,000,000)	(21,000,000)
Transfer to retained earnings on sale of FVTOCI	-	-	-	150,326	(150,326)	-
Balance at 31 March 2013 (Unaudited)	**140,000,000**	**48,423,287**	**40,533,087**	**(2,197,711)**	**46,979,975**	**273,738,638**

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of cash flows (unaudited)
for the period ended 31 March 2013

	Three month period ended 31 March	
	2013	2012
	AED	AED
Cash flows from operating activities		
Profit for the period	**6,871,837**	12,058,858
Adjustments for:		
Depreciation of property and equipment	**38,585**	36,913
Provision for employees' end of service indemnity	**28,400**	42,125
Gain on investments designated at FVTPL	**(2,387,258)**	(3,147,890)
Other investment income	**(4,103,208)**	(4,416,463)
Operating cash flows before changes in operating assets and liabilities	**448,356**	4,573,543
Increase in reinsurance contract assets	**(2,551,512)**	(673,722)
Increase in insurance and other receivables	**(2,832,194)**	(6,890,668)
Increase in due from related parties	**(2,893,030)**	(1,485,077)
Increase in insurance contract liabilities	**1,740,353**	2,998,190
Increase in insurance and other payables	**4,706,489**	1,261,828
(Decrease)/increase in due to related parties	**(73,641)**	47,221
Cash used in operations	**(1,455,179)**	(168,685)
Employees' end of service indemnity paid	**(93,104)**	(95,251)
Net cash used in operating activities	**(1,548,283)**	(263,936)
Cash flows from investing activities		
Purchase of investment property	**(224,200)**	(29,285)
Purchase of property and equipment	**(28,105)**	(160)
Increase in fixed deposits with banks under lien	**(76,517)**	(76,511)
Decrease in fixed deposits with maturity over 3 months	**5,500,000**	-
Purchase of investments in securities	**(4,087,088)**	(13,832,855)
Proceeds from sale of investments in securities	**17,772,564**	40,305,861
Income from investment property	**3,256,124**	3,184,503
Interest on fixed deposits	**-**	6,874
Dividend received	**686,957**	-
Net cash generated from investing activities	**22,799,735**	29,558,427
Cash flows from financing activities		
Dividend paid	**(21,000,000)**	-
Board of directors' remuneration paid	**(1,600,000)**	(900,000)
Cash used in financing activities	**(22,600,000)**	(900,000)
Net (decrease)/ increase in cash and cash equivalents	**(1,348,548)**	28,394,491
Cash and cash equivalents at the beginning of the period	**34,316,903**	7,664,713
Cash and cash equivalents at the end of the period (Note 13)	**32,968,355**	36,059,204
	=========	========

The accompanying notes form an integral part of these condensed financial statements.

Notes to the condensed financial statements
for the period ended 31 March 2013

1. General information

Arabian Scandinavian Insurance Company P.L.C. - Dubai (the "Company") is a public shareholding company and was registered in 1992 under U.A.E. Federal Commercial Companies Law No. 8 of 1984 (as amended) relating to commercial companies in U.A.E. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E under registration number 6. The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general insurance business and life assurance and till date the Company has written general insurance business only. The Company operates through its Dubai and Abu Dhabi offices.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs effecting amounts reported in the condensed financial statements

The following amendment to IFRSs has been adopted in these condensed financial statements and has affected presentation and disclosures in these condensed financial statements.

- Amendments to IAS 1 *Presentation of items of other comprehensive income*

The Company has adopted the amendments to IAS 1 presentation of items of other comprehensive income effective from annual periods beginning on or after 1 July 2012. The amendment to IAS 1 retains the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendment to IAS 1 requires items of other comprehensive income to be grouped into two categories in other comprehensive income section:

a. Items that will not be subsequently reclassified to profit or loss and

b. Items that may be reclassified to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendment does not change the option to present items either before tax or net of tax.

Other than the above mentioned presentation changes, the application of the amendment to IAS 1 does not have any impact on profit or loss, other comprehensive income and total comprehensive income.

Notes to the condensed financial statements
for the period ended 31 March 2013 (continued)

2. Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

2. 2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted

The Company has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs. The amendments establish an exception to IFRS 10's general consolidation principle for investment entities, requiring them to "measure particular subsidiaries at fair value through profit or loss, rather than consolidate them." In addition, the amendments outline required disclosures for reporting entities that meet the definition of an investment entity.	1 January 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 January 2014 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, *"Interim Financial Reporting"* and also comply with the applicable requirements of the laws in the U.A.E.

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties.

Notes to the condensed financial statements
for the period ended 31 March 2013 (continued)

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

The accounting policies, presentation and methods in these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2012.

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2012. In addition, results for the three month period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The accounting policies in respect of investment properties, investment in securities and property and equipment disclosed in the annual audited financial statements are stated below as required by Securities and Commodities Authority notification dated 12 October 2008.

3.2 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is stated at its fair value at the end of each reporting period. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss.

3.3 Investment in securities

Investment in securities of the Company are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments of the Company are classified as either as financial assets at fair value through profit or loss (FVTPL) or as "financial assets at fair value through other comprehensive income (FVTOCI)".

3.3.1 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are mandatorily classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue.

3. Summary of significant accounting policies (continued)

3.3 Investment in securities (continued)

3.3.2 Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment.

3.4 Property and equipment

Property and equipment are carried at cost less any accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

The useful life considered in the calculations of depreciation of all assets is 4 years.

Notes to the condensed financial statements
for the period ended 31 March 2013 (continued)

4. Property and equipment

All the properties and equipment are located in U.A.E.

5. Investment properties

Investment properties represent the fair value of the properties located in U.A.E.

Investment property amounting to AED 13,786,517 (31 December 2012: AED 13,786,517) is registered in the name of related parties in trust and for the benefit of the Company.

6. Financial investments

All financial investments are held in U.A.E.

7. Statutory deposits

Statutory deposits represent fixed deposits with a bank under lien against the guarantees issued in favour of Insurance Authority of U.A.E. in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its operations.

Notes to the condensed financial statements
for the period ended 31 March 2013 (continued)

8. Insurance contract liabilities and re-insurance contract assets

	31 March 2013 (unaudited) AED	31 December 2012 (audited) AED
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**22,080,176**	19,305,827
Claims incurred but not reported	**4,600,000**	4,600,000
Unearned premiums	**29,338,446**	30,372,442
Total insurance contract liabilities, gross	**56,018,622**	54,278,269
Recoverable from re-insurers		
Claims reported unsettled	**11,961,801**	8,619,906
Unearned premiums	**10,203,291**	10,993,674
Total re-insurers' share of insurance liabilities	**22,165,092**	19,613,580
Net		
Claims reported unsettled	**10,118,375**	10,685,921
Claims incurred but not reported	**4,600,000**	4,600,000
Unearned premiums	**19,135,155**	19,378,768
	33,853,530	34,664,689

9. Bank balances and cash

	31 March 2013 (unaudited) AED	31 December 2012 (audited) AED
Cash on hand	**37,479**	48,609
Bank balances:		
Current accounts	**7,762,972**	9,100,390
Call accounts	**167,904**	167,904
Fixed deposits	**73,727,061**	79,150,544
	81,695,416	88,467,447

Fixed deposits amounting to AED 4,227,061 (31 December 2012: AED 4,150,544) are under lien against the credit facility granted to the Company.

Notes to the condensed financial statements
for the period ended 31 March 2013 (continued)

9. Bank balances and cash (continued)

Bank balances and cash represents

	31 March 2013 (unaudited) AED	31 December 2012 (audited) AED
Within U.A.E.	**81,523,833**	88,295,864
Outside U.A.E.	**171,583**	171,583
	81,695,416	88,467,447

10. Share capital

	31 March 2013 (unaudited) AED	31 December 2012 (audited) AED
Issued and fully paid:		
140 million ordinary shares of AED 1 each	**140,000,000**	140,000,000

11. Net insurance premium revenue

	Three month period ended 31 March	
	2013 (unaudited) AED	2012 (unaudited) AED
Gross premium written		
Gross premium written	**20,298,820**	22,904,736
Change in unearned premium	**1,033,996**	(2,097,487)
	21,332,816	20,807,249
Reinsurance premium ceded		
Reinsurance premium ceded	**(9,097,973)**	(11,002,083)
Change in unearned premium	**(790,383)**	928,829
	(9,888,356)	(10,073,254)
	11,444,460	10,733,995

Notes to the condensed financial statements
for the period ended 31 March 2013 (continued)

12. Basic earnings per share

	Three month period ended 31 March	
	2013	2012
	(unaudited)	(unaudited)
Profit for the period (in AED)	**6,871,837**	12,058,858
Number of shares	**140,000,000**	140,000,000
Basic earnings per share (in AED)	**0.05**	0.09

13. Cash and cash equivalents

	31 March	
	2013	2012
	(unaudited)	(unaudited)
	AED	AED
Bank balances and cash	**81,695,416**	77,209,748
Fixed deposit with maturity over 3 months	**(44,500,000)**	(37,000,000)
Fixed deposits under lien	**(4,227,061)**	(4,150,544)
	32,968,355	36,059,204

14. Dividend

At the Annual General Meeting held on 20 March 2013, the Shareholders approved a cash dividend of 15% (2011: 10%) which is AED 0.15 per share (2011: AED 0.10 per share) amounting to AED 21,000,000 for 2012 (2011: AED 14,000,000). The Shareholders also approved the Board of Director's remuneration for 2012 of AED 1,600,000.

Notes to the condensed financial statements
for the period ended 31 March 2013 (continued)

15. Related party transactions

Transactions:

During the period, the Company entered into the following transactions with related parties:

	Three month period ended 31 March	
	2013	2012
	(unaudited)	(unaudited)
	AED	AED
Premium written	**278,489**	195,106
Management expenses (net)	**745,393**	761,862
Premiums written through a related party broker	**5,730,477**	5,627,941
Commission paid	**813,345**	774,551
Directors' and key management personnel remuneration including benefits	**637,536**	560,026
Board of Directors remuneration	**1,600,000**	900,000
Claims paid	**16,965**	3,725
Claims paid through a related party broker	**-**	86,567

Transactions with related parties are entered into at terms agreed with the management.

Notes to the condensed financial statements
for the period ended 31 March 2013 (continued)

16. Segment information

	Three month period ended 31 March 2013			Three month period ended 31 March 2012		
	Underwriting (unaudited) AED	**Investments (unaudited) AED**	**Total (unaudited) AED**	Underwriting (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED
Segment revenue	**20,298,820**	**-**	**20,298,820**	22,904,736	-	22,904,736
Profit for the period	**380,329**	**6,491,508**	**6,871,837**	4,492,652	7,566,206	12,058,858

	31 March 2013			31 December 2012		
	Underwriting (unaudited) AED	**Investments (unaudited) AED**	**Total (unaudited) AED**	Underwriting (audited) AED	Investments (audited) AED	Total (audited) AED
Segment assets	**58,876,207**	**299,892,049**	**358,768,256**	50,439,344	316,283,063	366,722,407
Unallocated assets	**-**	**-**	**8,248,156**	-	-	9,607,184
Total assets	**58,876,207**	**299,892,049**	**367,016,412**	50,439,344	316,283,063	376,329,591
Segment liabilities	**91,762,468**	**-**	**91,762,468**	85,389,267	-	85,389,267
Unallocated liabilities	**-**	**-**	**1,515,306**	**-**	**-**	1,580,010
Total liabilities	**91,762,468**	**-**	**93,277,774**	85,389,267	-	86,969,277

There are no transactions between the business segments.

Notes to the condensed financial statements
for the period ended 31 March 2013 (continued)

17. Commitments and contingent liabilities

	31 March 2013 (unaudited) AED	31 December 2012 (audited) AED
Letters of guarantees	**11,083,304**	11,094,202

18. Seasonality of results

No income of seasonal nature was recorded in the statement of income for the three month period ended 31 March 2013 and 2012.

19. Approval of condensed financial statements

The condensed financial statements were approved and authorised for issue on 8 May 2013.