

The Shareholders
Arabian Scandinavian Insurance Company P.L.C.

Review Report of the Auditors

We have reviewed the accompanying interim condensed balance sheet of Arabian Scandinavian Insurance Company P.L.C. ("the Company") as of 31 March 2006 and the related interim condensed statements of income, changes in equity and cash flows for the three-month period then ended.

These interim condensed financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim condensed financial statements based on our review.

We conducted our review in accordance with International Standards on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed financial statements are free of material misstatements. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects in accordance with International Accounting Standard 34.

The comparative figures for the three-month period ended 31 March 2005 have not been reviewed as this is the first time condensed interim consolidated interim financial statements for the three-month period have been reviewed.

Vijendra Nath Malhotra
Registration No : 48B

Arabian Scandinavian Insurance Company P.L.C.

Interim condensed balance sheet

	31 March 2006 AED	31 December 2005 AED
Assets		
Non-current assets		
Property and equipment	16,145,505	13,979,306
Investment properties	62,461,643	62,461,643
	-----	-----
Total non-current assets	78,607,148	76,440,949
	-----	-----
Current assets		
Investments available for sale	94,638,559	116,802,775
Investments fair valued through profit and loss	78,510,229	92,773,066
Trade receivables	14,725,318	12,546,808
Due from related parties	5,807,437	4,348,217
Reinsurers' share of outstanding claims	13,712,977	14,122,398
Other receivables and prepayments	2,202,224	13,377,238
Cash in hand and at bank	11,613,799	14,575,515
	-----	-----
Total current assets	221,210,543	268,546,017
	-----	-----
Total assets	299,817,691	344,986,966
	=====	=====
Equity and liabilities		
Share capital	140,000,000	100,000,000
Retained earnings	60,891,110	69,907,446
Legal reserve	31,559,558	31,559,558
General reserve	23,669,358	23,669,358
Proposed directors' remuneration	-	1,200,000
Proposed bonus issue	-	40,000,000
Proposed dividend	-	10,000,000
Fair value reserve	(16,030,513)	11,517,262
	-----	-----
Total equity	240,089,513	287,853,624
	=====	=====
Trade and other payables	23,017,442	20,088,952
Due to related parties	26,951	-
Provision for employees' terminal benefits	889,460	860,856
Unearned premium reserve	11,939,951	11,343,083
Additional reserve	2,000,000	2,000,000
Outstanding claims reserve	21,854,374	22,840,451
	-----	-----
Total current liabilities	59,728,178	57,133,342
	-----	-----
Total equity and liabilities	299,817,691	344,986,966
	=====	=====

These interim condensed financial statements were approved on _____.

Majid M.A. Al Kazim
Director

Ahmad M.A. Al Kazim
Managing Director

The notes on pages 7 to 9 form part of these financial statements.
The review report of the Auditors is set out on page 1.

Arabian Scandinavian Insurance Company P.L.C.

Interim condensed income statement for the three-month period ended 31 March 2006

	31 March 2006	31 March 2005
Underwriting profit/ (loss)		
Accident & liability	2,709,247	423,305
Fire	(1,330,579)	(461,084)
Marine	594,328	(774,418)
Others	937,539	212,285
	-----	-----
Net underwriting profit/(loss)	2,910,535	(599,912)
Other operating income	342,611	53,970
Rental income from investment properties	1,928,592	826,400
Profit on sale of investment properties	-	3,888,935
Investment income	2,657,232	11,967,102
Unrealised (loss)/ gain on investments fair valued through profit and loss	(16,855,306)	11,736,328
	-----	-----
Net (loss)/ profit for the period	(9,016,336)	27,872,823
	=====	=====

The notes on pages 7 to 9 form part of these interim condensed financial statements.
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Arabian Scandinavian Insurance Company P.L.C.

Interim condensed statement of cash flows

for the three-month period ended 31 March 2006

	31 March 2006 AED	31 March 2005 AED
Operating activities		
Net (loss)/ profit for the period	(9,016,336)	27,872,823
<i>Adjustment for:</i>		
Depreciation	54,803	66,409
Unrealised Loss/ (gain) on investments	16,855,306	(11,736,328)
Movement in unearned premium reserve	596,868	1,176,269
Profit on sale of investment property	-	(3,888,935)
Profit on sale of investments fair valued through profit and loss and available for sale investments	(2,509,622)	(11,551,947)
Dividend received	(147,610)	(415,128)
	-----	-----
<i>Operating profit before changes in working capital</i>	5,833,409	1,123,075
Increase in trade receivables	(2,178,510)	(2,834,828)
(Increase)/ decrease in due from related parties	(1,459,220)	969,972
Decrease/ (increase) in other receivables and prepayments	11,175,014	(1,521,631)
Increase in due to related parties	26,951	12,818
Increase in trade and other payables	2,928,490	1,431,456
Decrease in provision for outstanding claims	(576,656)	(687,022)
Increase in employee terminal benefits	28,604	18,455
	-----	-----
<i>Net cash from/ (used in) operating activities</i>	15,778,082	(1,487,705)
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Investing activities		
Addition to property under construction	(2,215,291)	(2,801,258)
Purchase of investment property	-	(33,503)
Purchase of investments	(24,307,172)	(83,520,661)
Proceeds from sale of investment properties	-	7,576,539
Proceeds from sale of investments	18,840,765	74,680,878
Purchase of property and equipment	(5,710)	(22,091)
Dividend received	147,610	415,128
	-----	-----
<i>Net cash used in investing activities</i>	(7,539,798)	(3,304,968)
	-----	-----
Financing activities		
Directors' remuneration paid	(1,200,000)	(1,000,000)
Dividend paid	(10,000,000)	-
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<i>Net cash used in financing activities</i>	(11,200,000)	(1,000,000)
	-----	-----
Net decrease in cash and cash equivalents	(2,961,716)	(5,793,585)
Cash and cash equivalents at the beginning of the period	10,075,515	19,058,526
	-----	-----
Cash and cash equivalents at the end of the period	7,113,799	13,265,941
	=====	=====
These comprise the following:		
Cash in hand and at bank	11,613,799	17,765,941
Less: deposits having maturity of more than three months	(4,500,000)	(4,500,000)
	-----	-----
Cash and cash equivalents at the end of the period	7,113,799	13,265,941
	=====	=====

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Arabian Scandinavian Insurance Company P.L.C.

Interim condensed statement of changes in shareholders' equity

for the three-month period ended 31 March 2006

	Share capital	Legal reserve	General reserve	Proposed dividends	Proposed directors' remuneration	Proposed bonus Issue	Fair value reserve/ (deficit)	Retained earnings	Total
	AED	AED	AED	AED	AED	AED	AED	AED	AED
At 1 January 2005	50,000,000	18,035,037	10,144,837	-	1,000,000	50,000,000	-	12,911,282	142,091,156
Net profit for the period	-	-	-	-	-	-	-	27,872,826	27,872,826
At 31 March 2005	50,000,000	18,035,037	10,144,837	-	1,000,000	50,000,000	-	40,784,108	169,963,982
Net profit for the period	-	-	-	-	-	-	-	107,372,380	107,372,380
Proposed dividend	-	-	-	10,000,000	-	-	-	(10,000,000)	-
Issue of bonus shares	50,000,000	-	-	-	-	(50,000,000)	-	-	-
Transfer to legal reserve (a)	-	13,524,521	-	-	-	-	-	(13,524,521)	-
Transfer to general reserve (b)	-	-	13,524,521	-	-	-	-	(13,524,521)	-
Proposed bonus issue	-	-	-	-	-	40,000,000	-	(40,000,000)	-
Fair value reserve for investments available for sale	-	-	-	-	-	-	11,517,262	-	11,517,262
Payment of Directors' remuneration	-	-	-	-	(1,000,000)	-	-	-	(1,000,000)
Proposed directors' remuneration (c)	-	-	-	-	1,200,000	-	-	(1,200,000)	-
At 31 December 2005	100,000,000	31,559,558	23,669,358	10,000,000	1,200,000	40,000,000	11,517,262	69,907,446	287,853,624
Net loss for the period	-	-	-	-	-	-	-	(9,016,336)	(9,016,336)
Issued bonus shares	40,000,000	-	-	-	-	(40,000,000)	-	-	-
Fair value adjustment for investments available for sale	-	-	-	-	-	-	(27,547,775)	-	(27,547,775)
Payment of dividend	-	-	-	(10,000,000)	-	-	-	-	(10,000,000)
Payment of Directors' remuneration	-	-	-	-	(1,200,000)	-	-	-	(1,200,000)
At 31 March 2006	140,000,000	31,559,558	23,669,358	-	-	-	(16,030,513)	60,891,110	240,089,513

- (a) In accordance with Article 255 of the UAE Federal Commercial Companies Law, a minimum of 10% of the net profit of the Company is required to be allocated every year to a statutory reserve, which is not distributable. Such allocations may be ceased when the statutory reserve equals half of the paid up share capital of the Company.
- (b) In accordance with the Company's Articles of Association, a minimum of 10% of the annual net profits should be transferred to general reserve until such time as this reserve equals at least 50% of the paid up share capital.
- (c) In accordance with the Ministry of Economy and Commerce interpretation of Article 118 of Federal Law No. 8 of 1984, directors' remuneration has been treated as an appropriation from shareholders' equity.

The notes on pages 7 to 9 form part of these financial statements.

The review report of the Auditors is set out on page 1.

Arabian Scandinavian Insurance Company P.L.C.

Notes

(forming part of the financial statements)

1. Legal Status and principal activities

Arabian Scandinavian Insurance P.L.C. ("the Company") is a Public Shareholding Company, registered in the United Arab Emirates in 1992. Prior to 1992, the Company was a Limited Liability Company incorporated by Amiri Decree of His Highness, the Ruler of Dubai, in 1978.

The Company is subject to the regulations of Federal Law No. 9 of 1984 (as amended), applicable to insurance companies and is registered in the insurance companies' register under number (6) in 1984.

The principal activity of the Company is the writing of all classes of general insurance business. The Company operates through its Dubai and Abu Dhabi offices.

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard (IFRS) 34 applicable to condensed interim financial statements.

The accounting policies and methods of computation have been consistently applied by the Company in the preparation of these interim condensed financial statements as compared to the most recent annual financial statements.

These interim condensed financial statements have been prepared in United Arab Emirates Dirham (AED).

3. Related party transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into other transactions with other businesses that fall within the definition of related parties contained in the International Accounting Standard 24. The management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

The following are the details of significant transactions with related parties.

	March 2006 AED	March 2005 AED
Insurance policies written for shareholders' companies	51,037	40,325
Management expenses (net)	725,289	678,639
Premiums written through a related party broker	2,746,845	1,130,968
Commission paid	300,645	117,904
Directors' and key management personnel (remuneration including benefits)	138,645	123,000
Sale of investment property to key management	-	7,576,539
Claims paid	14,159	61,467
Claims paid through a related party broker	34,957	73,313
	=====	=====

Arabian Scandinavian Insurance Company P.L.C.

Notes

(forming part of the financial statements)

3. Related party transactions (continued)

The balances with related parties at 31 March 2006 are as follows:

	31 March 2006 AED	31 December 2005 AED
Due from related parties		
Insurance Service Management	4,792,917	3,798,872
Architectural Construction Company	1,009,286	549,345
Ahmed M A Kazim	175	-
General Supermarket	5,059	-
	-----	-----
	5,807,437	4,348,217
	=====	=====
	31 March 2006 AED	31 December 2005 AED
Due to related parties		
Al Kazim	9,977	-
Al Kazim Furniture	13,643	-
Santy General Trading	1,208	-
General Supermarket	2,123	-
	-----	----
	26,951	-
	=====	===

4. Property and equipment

At 31 March 2006, property and equipment include the properties under construction with a value of AED 8,174,059, which were registered in the name of a shareholder that was held by him beneficially for and on behalf the Company.

5. Contingent liabilities and capital commitments

	31 March 2006	31 December 2005
Letters of guarantee	8,848,580	9,009,009
	=====	=====

Capital commitments at 31 March 2006 amounted to AED 37,117,529 (31 December 2005: AED 25,465,774).

The Company, in common with other insurance companies, is involved as a defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Company in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made.

Arabian Scandinavian Insurance Company P.L.C.

Notes

(forming part of the financial statements)

6. Segment information

By Business

Segmental information with respect to business segment has been disclosed on page 4 “Interim condensed statement of underwriting results” to these interim condensed financial statements.

By Geographical

The Company does not have any geographical segment as Company is carrying out all of its operations within the UAE.

Segmental information with respect to assets and liabilities has not been presented in these condensed financial statements due to non-availability of such information.

7. Comparative figures

The comparative figures in these condensed financial statements to interim condensed statements of income, changes in equity and cash flows were not reviewed as of 31 March 2006.

**Arabian Scandinavian Insurance
Company P.L.C.**

Interim condensed financial statements
31 March 2006

**Registered office and principal
place of business**

Al-Kazim Building
P.O. Box 1993
Dubai,
U.A.E.

