

# Arabian Scandinavian Insurance Company P.L.C.

## Interim condensed balance sheet

At 30 June 2006

|                                                 | Note | 30 June<br>2006<br>AED | 31 December<br>2005<br>AED |
|-------------------------------------------------|------|------------------------|----------------------------|
| <b>Assets</b>                                   |      |                        |                            |
| <b>Non-current assets</b>                       |      |                        |                            |
| Property and equipment                          | 6    | 19,156,688             | 13,979,306                 |
| Investment properties                           |      | 62,461,643             | 62,461,643                 |
| <b>Total non-current assets</b>                 |      | <b>81,618,331</b>      | <b>76,440,949</b>          |
| <b>Current assets</b>                           |      |                        |                            |
| Investments available for sale                  |      | 65,924,875             | 116,802,775                |
| Investments fair valued through profit and loss |      | 59,237,526             | 92,773,066                 |
| Trade receivables                               |      | 15,492,670             | 12,546,808                 |
| Due from related parties                        | 5    | 4,765,292              | 4,348,217                  |
| Reinsurers' share of outstanding claims         |      | 12,590,006             | 14,122,398                 |
| Other receivables and prepayments               |      | 7,322,632              | 13,377,238                 |
| Cash in hand and at bank                        |      | 13,744,581             | 14,575,515                 |
| <b>Total current assets</b>                     |      | <b>179,077,582</b>     | <b>268,546,017</b>         |
| <b>Total assets</b>                             |      | <b>260,695,913</b>     | <b>344,986,966</b>         |
| <b>Equity and liabilities</b>                   |      |                        |                            |
| Share capital                                   |      | 140,000,000            | 100,000,000                |
| Retained earnings                               |      | 40,017,822             | 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                              |      | (37,302,214)           | 11,517,262                 |
| <b>Total equity</b>                             |      | <b>198,844,522</b>     | <b>287,853,624</b>         |
| Trade and other payables                        |      | 23,454,097             | 20,088,952                 |
| Due to related parties                          | 5    | 15,306                 | -                          |
| Provision for employees' terminal benefits      |      | 854,714                | 860,856                    |
| Unearned premium reserve                        |      | 12,529,395             | 11,343,083                 |
| Additional reserve                              |      | 2,000,000              | 2,000,000                  |
| Outstanding claims reserve                      |      | 22,997,879             | 22,840,451                 |
| <b>Total current liabilities</b>                |      | <b>61,851,391</b>      | <b>57,133,342</b>          |
| <b>Total equity and liabilities</b>             |      | <b>260,695,913</b>     | <b>344,986,966</b>         |

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 interim condensed 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 six-month period ended 30 June 2006

|                                                                               | <b>Six month<br/>period ended</b> | Six month<br>period<br>ended | <b>Three month<br/>period<br/>ended</b> | Three month<br>Period<br>ended |
|-------------------------------------------------------------------------------|-----------------------------------|------------------------------|-----------------------------------------|--------------------------------|
|                                                                               | <b>30 June 2006</b>               | 30 June<br>2005              | <b>30 June<br/>2006</b>                 | 30 June<br>2005                |
|                                                                               | <b>AED</b>                        | AED                          | <b>AED</b>                              | AED                            |
| Accident and liability                                                        | <b>2,091,655</b>                  | (1,612,146)                  | <b>(617,592)</b>                        | (2,035,451)                    |
| Fire                                                                          | <b>(1,409,288)</b>                | (946,384)                    | <b>(78,709)</b>                         | (485,300)                      |
| Marine                                                                        | <b>(897,903)</b>                  | 432,920                      | <b>(1,492,231)</b>                      | 1,207,338                      |
| Others                                                                        | <b>1,998,164</b>                  | 1,046,572                    | <b>1,060,625</b>                        | 834,287                        |
|                                                                               | -----                             | -----                        | -----                                   | -----                          |
| <b>Net underwriting profit/(loss)</b>                                         | <b>1,782,628</b>                  | (1,079,038)                  | <b>(1,127,907)</b>                      | (479,126)                      |
| Other operating income                                                        | <b>465,573</b>                    | 124,821                      | <b>122,962</b>                          | 70,851                         |
| Rental income from investment properties                                      | <b>3,661,467</b>                  | 1,665,160                    | <b>1,732,875</b>                        | 838,760                        |
| Profit on sale of investment properties                                       | -                                 | 3,888,935                    | -                                       | -                              |
| Investment income                                                             | <b>3,892,407</b>                  | 35,837,997                   | <b>1,235,175</b>                        | 23,870,895                     |
| Unrealised (loss)/ gain on investments<br>fair valued through profit and loss | <b>(38,791,701)</b>               | 69,932,953                   | <b>(21,936,395)</b>                     | 58,196,625                     |
|                                                                               | -----                             | -----                        | -----                                   | -----                          |
| <b>Net (loss)/ profit for the period</b>                                      | <b>(28,989,624)</b>               | 110,370,828                  | <b>(19,973,290)</b>                     | 82,498,005                     |
|                                                                               | =====                             | =====                        | =====                                   | =====                          |
| <b>(Loss)/ earnings per share</b>                                             | <b>(2.07)</b>                     | 7.88                         | <b>(1.43)</b>                           | 5.89                           |
|                                                                               | =====                             | =====                        | =====                                   | =====                          |

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# Arabian Scandinavian Insurance Company P.L.C.

## Interim condensed statement of cash flows

for the six-month period ended 30 June 2006

|                                                                                                         | 30 June<br>2006<br>AED | 30 June<br>2005<br>AED |
|---------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Operating activities</b>                                                                             |                        |                        |
| Net (loss)/ profit for the period                                                                       | (28,989,624)           | 110,370,828            |
| <i>Adjustment for:</i>                                                                                  |                        |                        |
| Depreciation                                                                                            | 108,754                | 141,323                |
| Loss on sale of property and equipment                                                                  | -                      | (500)                  |
| Unrealised Loss/ (gain) on investments                                                                  | 38,791,701             | (35,837,997)           |
| Movement in unearned premium reserve                                                                    | 1,186,312              | 1,225,357              |
| Profit on sale of investment property                                                                   | -                      | (3,888,935)            |
| Profit on sale of investments fair valued through profit and loss<br>and available for sale investments | (2,053,554)            | (68,964,115)           |
| Dividend received                                                                                       | (1,838,854)            | (968,840)              |
|                                                                                                         | -----                  | -----                  |
| <i>Operating profit before changes in working capital</i>                                               | <b>7,204,735</b>       | <b>2,118,948</b>       |
| Increase in trade receivables                                                                           | (2,945,862)            | (1,575,690)            |
| (Increase) in due from related parties                                                                  | (417,075)              | 576,481                |
| Decrease/ (Increase) in other receivables and prepayments                                               | 6,054,606              | (1,867,076)            |
| Increase in due to related parties                                                                      | 15,306                 | 1,583,863              |
| Increase in trade and other payables                                                                    | 3,365,145              | 12,377,939             |
| Increase/ (Decrease) in provision for outstanding claims                                                | 1,689,820              | (1,393,816)            |
| (Decrease)/ Increase in employee terminal benefits                                                      | (6,141)                | 41,827                 |
|                                                                                                         | -----                  | -----                  |
| <i>Net cash from operating activities</i>                                                               | <b>14,676,398</b>      | <b>11,820,649</b>      |
|                                                                                                         | -----                  | -----                  |
| <b>Investing activities</b>                                                                             |                        |                        |
| Addition to property under construction                                                                 | (5,245,170)            | (6,988,349)            |
| Purchase of investment property                                                                         | -                      | (33,503)               |
| Purchase of investments                                                                                 | (76,552,949)           | (287,699,791)          |
| Proceeds from sale of investment properties                                                             | -                      | 7,576,539              |
| Proceeds from sale of investments                                                                       | 75,408,764             | 271,167,406            |
| Proceeds from sale of property & equipment                                                              | -                      | 500                    |
| Purchase of property and equipment                                                                      | (40,966)               | (2,242,612)            |
| Dividend received                                                                                       | 1,838,854              | 968,840                |
|                                                                                                         | -----                  | -----                  |
| <i>Net cash used in investing activities</i>                                                            | <b>(4,591,467)</b>     | <b>(17,250,970)</b>    |
|                                                                                                         | -----                  | -----                  |
| <b>Financing activities</b>                                                                             |                        |                        |
| Directors' remuneration paid                                                                            | (1,200,000)            | (1,000,000)            |
| Dividend paid                                                                                           | (10,000,000)           | -                      |
|                                                                                                         | -----                  | -----                  |
| <i>Net cash used in financing activities</i>                                                            | <b>(11,200,000)</b>    | <b>(1,000,000)</b>     |
|                                                                                                         | -----                  | -----                  |
| <b>Net decrease in cash and cash equivalents</b>                                                        | <b>(830,934)</b>       | <b>(6,430,321)</b>     |
| Cash and cash equivalents at the beginning of the period                                                | 10,075,515             | 19,058,526             |
|                                                                                                         | -----                  | -----                  |
| <b>Cash and cash equivalents at the end of the period</b>                                               | <b>9,244,581</b>       | <b>12,628,205</b>      |
|                                                                                                         | =====                  | =====                  |
| These comprise the following:                                                                           |                        |                        |
| Cash in hand and at bank                                                                                | 13,744,581             | 17,128,205             |
| Less: deposits having maturity of more than three months                                                | (4,500,000)            | (4,500,000)            |
|                                                                                                         | -----                  | -----                  |
| <b>Cash and cash equivalents at the end of the period</b>                                               | <b>9,244,581</b>       | <b>12,628,205</b>      |
|                                                                                                         | =====                  | =====                  |

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 statement of changes in shareholders' equity

for the six-month period ended 30 June 2006

|                                                                                                 | Share<br>capital   | Legal<br>reserve  | General<br>reserve | Proposed<br>dividends | Proposed<br>directors'<br>remuneration | Proposed<br>bonus<br>issue | Fair value<br>Reserve/<br>(deficit) | Retained<br>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                                                                       | -                  | -                 | -                  | -                     | -                                      | -                          | -                                   | 110,370,828          | 110,370,828        |
| <b>At 30 June 2005</b>                                                                          | <b>50,000,000</b>  | <b>18,035,037</b> | <b>10,144,837</b>  | <b>-</b>              | <b>1,000,000</b>                       | <b>50,000,000</b>          | <b>-</b>                            | <b>123,282,110</b>   | <b>252,461,984</b> |
| Net profit for the period                                                                       | -                  | -                 | -                  | -                     | -                                      | -                          | -                                   | 24,874,378           | 24,874,378         |
| 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 adjustment 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)          | -                  |
| <b>At 31 December 2005</b>                                                                      | <b>100,000,000</b> | <b>31,559,558</b> | <b>23,669,358</b>  | <b>10,000,000</b>     | <b>1,200,000</b>                       | <b>40,000,000</b>          | <b>11,517,262</b>                   | <b>69,907,446</b>    | <b>287,853,624</b> |
| Net loss for the period                                                                         | -                  | -                 | -                  | -                     | -                                      | -                          | -                                   | (28,989,624)         | (28,989,624)       |
| Issue of bonus shares                                                                           | 40,000,000         | -                 | -                  | -                     | -                                      | (40,000,000)               | -                                   | -                    | -                  |
| Net realised fair value gains reported in statement of income on investments available for sale | -                  | -                 | -                  | -                     | -                                      | -                          | (383,195)                           | -                    | (383,195)          |
| Fair value adjustment for investments available for sale                                        | -                  | -                 | -                  | -                     | -                                      | -                          | (48,436,281)                        | -                    | (48,436,281)       |
| Payment of dividend                                                                             | -                  | -                 | -                  | (10,000,000)          | -                                      | -                          | -                                   | -                    | (10,000,000)       |
| Payment of Directors' remuneration                                                              | -                  | -                 | -                  | -                     | (1,200,000)                            | -                          | -                                   | -                    | (1,200,000)        |
| <b>At 30 June 2006</b>                                                                          | <b>140,000,000</b> | <b>31,559,558</b> | <b>23,669,358</b>  | <b>-</b>              | <b>-</b>                               | <b>-</b>                   | <b>(37,302,214)</b>                 | <b>41,201,955</b>    | <b>198,844,524</b> |

- (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.

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