

**ARABIAN SCANDINAVIAN INSURANCE
COMPANY P.L.C.
DUBAI - UNITED ARAB EMIRATES**

**INTERIM FINANCIAL INFORMATION
AND REVIEW REPORT
FOR THE THREE MONTH PERIOD
ENDED MARCH 31, 2007**

**Arabian Scandinavian Insurance Company P.L.C.
Dubai - United Arab Emirates**

**Interim Financial Information and Review Report
For the Three Month Period Ended March 31, 2007**

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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 balance sheet of **Arabian Scandinavian Insurance Company P.L.C., Dubai, United Arab Emirates**, as of March 31, 2007 and the related condensed statements of income, changes in equity and cash flows for the three-month period then ended and explanatory notes. 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. The comparative figures in the condensed balance sheet and related explanatory notes were audited by another auditor whose report dated February 20, 2007 expressed a qualified opinion on those statements due to excess valuation of certain investment properties by AED 5.2 million. The prior period comparative figures in the condensed statements of income, changes in equity and cash flows and related notes were reviewed by another auditor who issued an unqualified report dated April 27, 2006.

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.

Sharjah
April 29, 2007

For Deloitte & Touche



Saba Y. Sindaha
Partner
(Registration No. 410)

Arabian Scandinavian Insurance Company P.L.C.
Dubai - United Arab Emirates

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Condensed Balance Sheet
At March 31, 2007
(In Arab Emirates Dirhams)

	<u>Notes</u>	<u>March 31,</u> <u>2007</u> <u>Unaudited</u>	<u>December 31,</u> <u>2006</u> <u>Audited</u>
ASSETS			
Non-current assets			
Property and equipment	4	3,683,789	32,048,267
Investment property	4	165,422,196	132,250,000
Available-for-sale investments		<u>60,884,733</u>	<u>64,734,457</u>
Total non-current assets		<u>229,990,718</u>	<u>229,032,724</u>
Current assets			
Reinsurance contract assets	5	16,470,161	16,172,864
Insurance and other receivables		21,294,882	17,463,118
Due from related parties		7,983,812	6,447,096
Investments held for trading		59,426,982	65,332,498
Bank balances and cash	6	<u>16,014,484</u>	<u>12,289,990</u>
Total current assets		<u>121,190,321</u>	<u>117,705,566</u>
Total Assets		<u>351,181,039</u>	<u>346,738,290</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	140,000,000	140,000,000
Statutory reserve		32,262,669	32,262,669
General reserve		24,372,469	24,372,469
Cumulative change in fair values		(12,259,607)	(6,927,477)
Retained earnings		<u>78,331,663</u>	<u>75,532,327</u>
Total equity		<u>262,707,194</u>	<u>265,239,988</u>
Non-current liabilities			
Provision for employees' end of service indemnity		<u>1,063,532</u>	<u>913,442</u>
Current liabilities			
Insurance contract liabilities	5	45,891,486	44,400,932
Insurance and other payables		40,253,056	28,782,061
Due to related parties		1,265,771	2,029,563
Bank overdrafts		-	<u>5,372,304</u>
Total current liabilities		<u>87,410,313</u>	<u>80,584,860</u>
Total Liabilities		<u>88,473,845</u>	<u>81,498,302</u>
Total Equity and Liabilities		<u>351,181,039</u>	<u>346,738,290</u>

The accompanying notes form an integral part of these interim financial information.

The interim financial information on pages 2 to 12 were approved by the Managing Director of the Board of Directors and authorised for issue on April 29, 2007.

Ahmad M. A. Al Kazim
Managing Director

Condensed Statement of Income
For the three month period ended March 31, 2007
(In Arab Emirates Dirhams)

	Notes	Three month period ended March 31, 2007 Unaudited	Three month period ended March 31, 2006 Unaudited
Insurance premium revenue	8	16,921,963	14,201,581
Insurance premium ceded to reinsurers	8	(5,885,386)	(5,076,977)
Net insurance premium revenue	8	<u>11,036,577</u>	<u>9,124,604</u>
Gross claims incurred		(6,478,667)	(5,471,580)
Insurance claims recovered from reinsurers		<u>1,869,241</u>	<u>2,048,188</u>
Net claims incurred		(<u>4,609,426</u>)	(<u>3,423,392</u>)
Gross commission earned		1,618,236	1,500,051
Less: commission incurred		(<u>1,161,490</u>)	(<u>2,365,984</u>)
Net commission earned/(incurred)		<u>456,746</u>	(<u>865,933</u>)
Underwriting profit		6,883,897	4,835,279
General and administrative expenses relating to underwriting activities		(<u>2,367,685</u>)	(<u>1,924,744</u>)
Net underwriting profit		4,516,212	2,910,535
Investment loss		(1,159,524)	(12,161,741)
Other income		<u>2,648</u>	<u>234,870</u>
Profit/(loss) for the period		<u>3,359,336</u> =====	(<u>9,016,336</u>) =====
Basic earnings per share	9	<u>0.02</u> =====	(<u>0.06</u>) =====

The accompanying notes form an integral part of these interim financial information.

Arabian Scandinavian Insurance Company P.L.C.
Dubai - United Arab Emirates

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Condensed Statement of Changes in Equity
For the three month period ended March 31, 2007
(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Cumulative change in fair values</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at December 31, 2005 (Audited)	<u>100,000,000</u>	<u>31,559,558</u>	<u>23,669,358</u>	<u>11,517,262</u>	<u>121,107,446</u>	<u>287,853,624</u>
Loss on available-for-sale investments recognised directly in equity	-	-	-	(27,547,775)	-	(27,547,775)
Loss for the period	-	-	-	-	(9,016,336)	(9,016,336)
Total recognised income and expense for the period	-	-	-	(27,547,775)	(9,016,336)	(36,564,111)
Issue of bonus shares	40,000,000	-	-	-	(40,000,000)	-
Board of directors' remuneration paid	-	-	-	-	(1,200,000)	(1,200,000)
Dividend paid	-	-	-	-	(10,000,000)	(10,000,000)
	<u>40,000,000</u>	-	-	-	<u>(51,200,000)</u>	<u>(11,200,000)</u>
Balance at March 31, 2006 (Unaudited)	<u>140,000,000</u>	<u>31,559,558</u>	<u>23,669,358</u>	<u>(16,030,513)</u>	<u>60,891,110</u>	<u>240,089,513</u>
	=====	=====	=====	=====	=====	=====
Balance at December 31, 2006 (Audited)	<u>140,000,000</u>	<u>32,262,669</u>	<u>24,372,469</u>	<u>(6,927,477)</u>	<u>75,532,327</u>	<u>265,239,988</u>
Loss on available-for-sale investments recognised directly in equity	-	-	-	(5,462,790)	-	(5,462,790)
Transfer to profit or loss on sale of available-for-sale investments	-	-	-	130,660	-	130,660
Profit for the period	-	-	-	-	<u>3,359,336</u>	<u>3,359,336</u>
Total recognised income and expense for the period	-	-	-	(5,332,130)	<u>3,359,336</u>	(1,972,794)
Board of directors' remuneration paid	-	-	-	-	(560,000)	(560,000)
Balance at March 31, 2007 (Unaudited)	<u>140,000,000</u>	<u>32,262,669</u>	<u>24,372,469</u>	<u>(12,259,607)</u>	<u>78,331,663</u>	<u>262,707,194</u>
	=====	=====	=====	=====	=====	=====

The accompanying notes form an integral part of these interim financial information.

Condensed Statement of Cash Flows
For the three month period ended March 31, 2007
(In Arab Emirates Dirhams)

	Three month period ended March 31, 2007 Unaudited	Three month period ended March 31, 2006 Unaudited
Operating activities		
Profit/(loss) for the period	3,359,336	(9,016,336)
Adjustments for:		
Increase in reinsurance contract assets	(297,297)	(69,363)
Increase in insurance contract liabilities	1,490,554	89,575
Depreciation of property and equipment	44,597	54,803
Unrealised loss on investments held for trading	5,770,104	16,855,306
Other investment revenues	(4,610,580)	(4,693,565)
Provision for employees' end of service indemnity	184,470	27,168
Operating profit before changes in working capital	5,941,184	3,247,588
(Increase)/decrease in insurance and other receivables	(3,831,764)	8,996,504
Increase in due from related parties	(1,536,716)	(1,459,220)
(Decrease)/increase in due to related parties	(763,792)	26,951
Increase in insurance and other payables	11,470,995	2,935,472
Cash generated from operations	11,279,907	13,747,295
Employees' end of service indemnity paid	(34,380)	(5,546)
Net cash generated from operating activities	11,245,527	13,741,749
Investing activities		
Purchase of property and equipment	(4,852,315)	(2,221,001)
Purchase of investments in securities	(51,794,821)	(24,307,172)
Proceeds from sale of investments in securities	51,125,230	18,840,765
Income from investment property	2,115,182	1,928,592
Dividend received	1,817,995	147,610
Other investment income received	-	107,741
Net cash used in investing activities	(1,588,729)	(5,503,465)
Finance activities		
Decrease in bank overdraft	(5,372,304)	-
Dividend paid	-	(10,000,000)
Board of directors' remuneration paid	(560,000)	(1,200,000)
Net cash used in financing activities	(5,932,304)	(11,200,000)
Net increase/(decrease) in cash and cash equivalents	3,724,494	(2,961,716)
Cash and cash equivalents at the beginning of the period	3,789,990	6,075,515
Cash and cash equivalents at the end of the period (Note 10)	7,514,484	3,113,799
	=====	=====

The accompanying notes form an integral part of these interim financial information.

Notes to the Interim Financial Information
For the three month period ended March 31, 2007

1. General information

Arabian Scandinavian Insurance Company P.L.C. - Dubai (the "Company") is a public shareholding company, registered in the United Arab Emirates in 1992. The Company is subject to the regulations of U.A.E. Federal Law No. 9 of 1984, as amended, concerning Insurance Companies and Agents and is registered with the Ministry of Economy 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. Basis of preparation

These interim financial information is prepared in accordance with the International Accounting Standard No. 34 – *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E. The interim financial information is prepared in accordance with the historical cost basis, except for the measurement at fair value of investment property and financial instruments. The interim financial information is presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These interim financial information do not include all the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2006. In addition, results for the 3 months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2007.

(a) Estimates

The preparation of interim financial information require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the year ended December 31, 2006.

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2007

2. Basis of preparation (continued)

(b) Management of insurance and financial risk

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2006.

3. Accounting policies

The accounting policies used in the preparation of these interim financial information are consistent with those used in the annual audited financial statements for the year ended December 31 2006, except for the adoption of new standards and interpretation noted below:

IFRS 7 Financial Instruments Disclosures

The Company has adopted IFRS 7, which requires disclosures that enable users to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. These new disclosures will be included in the Company's annual financial statements for the year ending December 31, 2007.

IAS 1 Amendment - Presentation of Financial Statements

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. These new disclosures will be included in the Company's annual financial statements for the year ending December 31, 2007.

IFRIC 10 Interim Financial Reporting and Impairment

The Company has adopted IFRIC 10 as of January 1, 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of an investment in either an equity instrument or a financial asset carried at cost.

Adoption of these Standards and Interpretation did not have any effect on the financial position or performance of the Company.

4. Property and equipment

During the period, an amount of AED 33,172,196 (December 31, 2006: AED 12,376,000) was transferred to investment property upon completion of the construction of investment property. During the period, additions to property and equipment amounted to AED 4,852,315 (December 31, 2006: AED 23,123,132) and depreciation for the 3 month period ended March 31, 2007 amounted to AED 44,597 (3 month period ended March 31, 2006: AED 54,803).

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2007

5. Insurance contract liabilities and re-insurance contract assets

	March 31, 2007	December 31,
	Unaudited	Audited
	AED	AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	20,051,528	19,520,497
Claims incurred but not reported	2,900,000	2,900,000
Unearned premiums	<u>22,939,958</u>	<u>21,980,435</u>
Total insurance contract liabilities, gross	<u>45,891,486</u>	<u>44,400,932</u>
Recoverable from reinsurers		
Claims reported unsettled	10,910,736	10,727,885
Unearned premiums	<u>5,559,425</u>	<u>5,444,979</u>
Total reinsurers' share of insurance liabilities	<u>16,470,161</u>	<u>16,172,864</u>
Net		
Claims reported unsettled	9,140,792	8,792,612
Claims incurred but not reported	2,900,000	2,900,000
Unearned premiums	<u>17,380,533</u>	<u>16,535,456</u>
	29,421,325	28,228,068
	=====	=====

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2007

6. Bank balances and cash

	March 31, 2007	December 31,
	Unaudited AED	Audited AED
Cash on hand	33,956	129,647
Bank balances:		
Current accounts	4,023,536	203,252
Call account	1,096,126	1,096,225
Fixed deposits	<u>10,860,866</u>	<u>10,860,866</u>
	16,014,484	12,289,990
	=====	=====

Fixed deposits amounting to AED 7,500,000 (December 31, 2006: AED 7,500,000) are under lien with a bank against the guarantees issued in favour of U.A.E. Ministry of Economy in accordance with the requirements of U.A.E. Federal Law No. 9 of 1984, as amended, concerning Insurance Companies and Agents.

Fixed deposits amounting to AED 1,000,000 (December 31, 2006: AED 1,000,000) are under lien against the credit facility granted to the Company.

7. Share capital

	March 31, 2007	December 31,
	Unaudited AED	Audited AED
Issued and fully paid:		
140 million ordinary shares of AED 1 each	140,000,000	140,000,000
	=====	=====

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2007

8. Net insurance premium revenue

	Three Month Period Ended March 31,	
	2007	2006
	Unaudited	Unaudited
	AED	AED
Gross premium written		
Gross premium written	17,881,486	15,277,232
Change in unearned premium	(959,523)	(1,075,651)
	<u>16,921,963</u>	<u>14,201,581</u>
Reinsurance premium ceded		
Reinsurance premium ceded	(5,999,832)	(5,555,761)
Change in unearned premium	<u>114,446</u>	<u>478,784</u>
	(5,885,386)	(5,076,977)
Net insurance premium revenue	11,036,577	9,124,604
	=====	=====

9. Basic earnings per share

	Three Month Period Ended March 31,	
	2007	2006
	Unaudited	Unaudited
Profit/(loss) for the period (in AED)	3,359,336	(9,016,336)
	=====	=====
Number of shares	140,000,000	140,000,000
	=====	=====
Basic earnings/(loss) per share (in AED)	0.02	(0.06)
	=====	=====

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2007

10. Cash and cash equivalents

	March 31,	
	2007	2006
	Unaudited	Unaudited
	AED	AED
Bank balances and cash	16,014,484	11,613,799
Fixed deposits under lien	(8,500,000)	(8,500,000)
	7,514,484	3,113,799
	=====	=====

11. Related party transactions

Transactions:

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

	Three Month Period	
	Ended March 31,	
	2007	2006
	Unaudited	Unaudited
	AED	AED
Insurance policies	42,014	51,037
Management expenses (net)	811,541	725,289
Premiums written through a related party broker	3,188,258	2,746,845
Commission paid	397,973	300,645
Directors' and key management personnel remuneration including benefits	832,247	1,396,990
Claims paid	11,789	14,159
Claims paid through a related party broker	10,048	34,957
Purchase of property and equipment	5,345,887	-

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

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2007

12. Commitments and contingent liabilities

	March 31, 2007	December 31, 2006
	Unaudited AED	Audited AED
Commitments:		
Commitments for acquisition of property and equipment	13,960,141	22,261,254
Contingent liabilities:		
Letters of guarantee	8,687,685	9,338,475

13. Comparative amounts

Certain amounts for the prior period were reclassified to conform to current period presentation.