ARABIAN SCANDINAVIAN INSURANCE COMPANY P.L.C.

Review report and interim financial information for the period ended 30 September 2011

ARABIAN SCANDINAVIAN INSURANCE COMPANY P.L.C.

Contents **Pages**

Deloitte.

Deloitte & Touche (M.E.)
701 Corniche Plaza 2
P.O. Box 5470
Sharjah, United Arab Emirates

Tel: +971 (0) 6 574 1052
Fax: +971 (0) 6 574 1053
www.deloitte.com

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 30 September 2011 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the nine 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 No. 386
3 November 2011

Condensed statement of financial position at 30 September 2011

	Notes	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
ASSETS			
Non-current assets			
Property and equipment	4	382,225	448,717
Investment property	5	192,849,444	187,247,355
Financial investments designated at fair value through other comprehensive income (FVTOCI)	6	16,712,030	30,011,533
Statutory deposits	7	10,000,000	10,000,000
Total non-current assets		219,943,699	227,707,605
Current assets			
Re-insurance contract assets	8	11,829,059	11,739,222
Insurance and other receivables		17,546,183	14,814,618
Due from related parties		3,083,511	3,303,637
Financial investments at FVTPL	6	31,455,598	37,178,532
Bank balances and cash	9	47,016,798	25,132,671
Total current assets		110,931,149	92,168,680
Total assets		330,874,848	319,876,285
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	140,000,000	140,000,000
Statutory reserve		43,124,006	43,124,006
General reserve		35,233,806	35,233,806
Cumulative change in fair value		(3,312,276)	(7,473,571)
Retained earnings		48,203,169	42,565,642
Total equity		263,248,705	253,449,883
Non-current liabilities			
Provision for employees' end of service benefits		1,577,911	1,501,771
Current liabilities			
Insurance contract liabilities	8	37,543,737	34,356,750
Insurance and other payables		28,487,835	30,532,656
Due to related parties		16,660	35,225
Total current liabilities		66,048,232	64,924,631
Total liabilities		67,626,143	66,426,402
Total equity and liabilities		330,874,848	319,876,285

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 30 September 2011

	Notes	Three month period ended 30 September 2011 AED	Three month period ended 30 September 2010 AED (Restated)	Nine month period ended 30 September 2011 AED	Nine month period ended 30 September 2010 AED (Restated)
Insurance premium revenue	11	**11,207,904**	10,706,829	**42,856,975**	41,839,320
Insurance premium ceded to re-insurers	11	**(4,204,123)**	(3,866,143)	**(17,822,686)**	(17,414,820)
Net insurance premium revenue	11	**7,003,781**	6,840,686	**25,034,289**	24,424,500
Gross claims incurred		**(10,024,019)**	(6,721,633)	**(22,947,794)**	(19,818,795)
Insurance claims recovered from re-insurers		**3,930,422**	3,347,695	**9,089,247**	8,380,917
Net claims incurred		**(6,093,597)**	(3,373,938)	**(13,858,547)**	(11,437,878)
Gross commission earned		**998,625**	849,610	**5,269,784**	4,155,663
Less: commission incurred		**(976,149)**	(863,289)	**(3,638,381)**	(3,350,177)
Net commission earned/(incurred)		**22,476**	(13,679)	**1,631,403**	805,486
Underwriting profit		**932,660**	3,453,069	**12,807,145**	13,792,108
General and administrative expenses relating to underwriting activities		**(2,954,275)**	(2,500,381)	**(9,708,551)**	(8,869,670)
Net underwriting (loss)/profit		**(2,021,615)**	952,688	**3,098,594**	4,922,438
Investment income		**2,427,247**	8,879,151	**9,068,688**	14,394,893
Other income		**13,434**	21,872	**35,114**	329,263
Profit for the period		**419,066**	9,853,711	**12,202,396**	19,646,594
Basic earnings per share (AED)	12	**0.003**	0.070	**0.087**	0.140

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

Condensed statement of comprehensive income (unaudited)
for the period ended 30 September 2011

	Three month period ended 30 September		Nine month period ended 30 September	
	2011	2010	**2011**	2010
	AED	AED	**AED**	AED
		(Restated)		(Restated)
Profit for the period	**419,066**	9,853,711	**12,202,396**	19,646,594
Other comprehensive (loss)/income				
Net fair value (loss)/gain on investments designated at FVTOCI	**(149,665)**	3,302,257	**(2,139,182)**	(5,632,934)
(Loss)/gain on sale of investments designated at FVTOCI	**-**	-	**(264,392)**	2,409,707
Board of Directors' remuneration paid	**-**	-	**-**	(700,000)
Other comprehensive (loss)/income for the period	**(149,665)**	3,302,257	**(2,403,574)**	(3,923,227)
Total comprehensive income for the period	**269,401**	13,155,968	**9,798,822**	15,723,367

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

Condensed statement of changes in equity (unaudited)
for the period ended 30 September 2011

	Share capital AED	Statutory reserve AED	General reserve AED	Cumulative change in fair value AED	Retained earnings AED	Total AED
Balance at 1 January 2010 (Audited)	140,000,000	42,688,525	34,798,325	(13,763,857)	59,623,675	263,346,668
Adoption of IFRS 9 (Note 19)	-	-	-	(18,300,000)	18,300,000	-
Balance at 1 January 2010 (Audited) – restated	140,000,000	42,688,525	34,798,325	(32,063,857)	77,923,675	263,346,668
Profit for the period	-	-	-	-	19,646,594	19,646,594
Other comprehensive loss for the period	-	-	-	(5,632,934)	1,709,707	(3,923,227)
Total comprehensive income for the period	-	-	-	(5,632,934)	21,356,301	15,723,367
Dividend paid	-	-	-	-	(14,000,000)	(14,000,000)
Transfer to retained earnings on sale of FVTOCI	-	-	-	19,061,202	(19,061,202)	-
Balance at 30 September 2010 (Unaudited)	140,000,000	42,688,525	34,798,325	(18,635,589)	66,218,774	265,070,035
Balance at 31 December 2010 (Audited)	140,000,000	43,124,006	35,233,806	(7,473,571)	42,565,642	253,449,883
Profit for the period	-	-	-	-	12,202,396	12,202,396
Other comprehensive loss for the period	-	-	-	(2,139,182)	(264,392)	(2,403,574)
Total comprehensive income for the period	-	-	-	(2,139,182)	11,938,004	9,798,822
Transfer to retained earnings on sale of FVTOCI	-	-	-	6,300,477	(6,300,477)	-
Balance at 30 September 2011 (Unaudited)	**140,000,000**	**43,124,006**	**35,233,806**	**(3,312,276)**	**48,203,169**	**263,248,705**

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

Condensed statement of cash flows (unaudited) for the period ended 30 September 2011

	Nine month period ended 30 September	
	2011	2010
	AED	AED
		(Restated)
Cash flows from operating activities		
Profit for the period	**12,202,396**	19,646,594
Adjustments for:		
Depreciation of property and equipment	**112,941**	117,979
Profit on investment at FVTPL	**3,589,184**	24,874
Other investment income	**(12,657,872)**	(14,419,767)
Provision for employees' end of service benefits	**126,932**	126,213
Operating cash flows before changes in operating assets and liabilities	**3,373,581**	5,495,893
(Increase)/decrease in reinsurance contract assets	**(89,837)**	3,427,007
Increase in insurance and other receivables	**(2,731,565)**	(4,904,504)
Decrease in due from related parties	**220,126**	4,389,768
Increase/(decrease) in insurance contract liabilities	**3,186,987**	(5,657,294)
Decrease in insurance and other payables	**(2,044,821)**	(11,243,420)
Decrease in due to related parties	**(18,565)**	(18)
Cash generated from/(used in) operations	**1,895,906**	(8,492,568)
Employees' end of service benefits paid	**(50,792)**	(25,712)
Net cash generated from/(used in) operating activities	**1,845,114**	(8,518,280)
Cash flows from investing activities		
Purchase of property and equipment	**(46,449)**	(97,220)
Purchase of investment property	**(5,602,089)**	(1,707,876)
Increase in fixed deposits with banks under lien	**(77,965)**	-
Increase in fixed deposits with maturity over 3 months	**(23,000,000)**	-
Purchase of investments in securities	**(50,309,750)**	(107,209,560)
Proceeds from sale of investments in securities	**64,675,916**	117,761,933
Income from investment property	**9,854,117**	11,266,434
Interest on fixed deposits	**575,800**	209,280
Dividend received	**891,468**	1,114,149
Net cash (used in)/generated from investing activities	**(3,038,952)**	21,337,140
Cash flows from financing activities		
Dividend paid	**-**	(14,000,000)
Board of directors' remuneration paid	**-**	(700,000)
Net cash used in financing activities	**-**	(14,700,000)
Net decrease in cash and cash equivalents	**(1,193,838)**	(1,881,140)
Cash and cash equivalents at the beginning of the period	**7,136,603**	18,058,865
Cash and cash equivalents at the end of the period (Note 13)	**5,942,765**	16,177,725

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

Notes to the condensed financial statements
for the period ended 30 September 2011

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. 6 of 2007, concerning the formation of Insurance Authority of U.A.E. 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. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 *Presentation of Financial Statements:* relating to grouping items recognised in other comprehensive income.	1 July 2012
Deferred Tax: Recovery of Underlying Assets – *Amendments to* IAS 12: *Income Taxes*	1 January 2012
IAS 19 *Employee Benefits* (revised 2011)	1 January 2013
IAS 27 *Separate Financial Statements* (revised in 2011)	1 January 2013
IAS 28 *Investments in Associates and Joint Ventures* (revised in 2011)	1 January 2013
Amendments to IFRS 1: *Removal of Fixed Dates for First-Time Adopter*	1 July 2011
Amendments to IFRS 1: *Severe Hyperinflation*	1 July 2011
Amendments to IFRS 7 *Financial Instruments: Disclosures*, relating to Disclosures on Transfers of Financial Assets	1 July 2011
IFRS 10 *Consolidated Financial Statements*	1 January 2013
IFRS 11 *Joint Arrangements*	1 January 2013
IFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
IFRS 13 *Fair Value Measurement*	1 January 2013

2. New and revised IFRSs in issue but not yet effective and not early adopted (continued)

Management anticipates that these amendments will be adopted in the Company's financial statements for the period beginning 1 January 2012 or as and when they are applicable and adoption of these standards and interpretations 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.

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 2010.

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 2010. In addition, results for the nine month period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

The accounting policies in respect of investment property, 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 October 12, 2008.

3.2 Investment property

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. Summary of significant accounting policies (continued)

3.3 Investment in securities (continued)

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.

3.3.2 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.

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

3. Summary of significant accounting policies (continued)

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.

4. Property and equipment

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

5. Investment property

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

Investment property amounting to AED 15,231,544 (31 December 2010: AED 15,231,544) 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, concerning the formation of Insurance Authority of U.A.E.

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

8. Insurance contract liabilities and re-insurance contract assets

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**10,765,810**	8,243,493
Claims incurred but not reported	**3,600,000**	3,600,000
Unearned premiums	**23,177,927**	22,513,257
Total insurance contract liabilities, gross	**37,543,737**	34,356,750
Recoverable from re-insurers		
Claims reported unsettled	**3,402,787**	2,949,149
Unearned premiums	**8,426,272**	8,790,073
Total re-insurers' share of insurance liabilities	**11,829,059**	11,739,222
Net		
Claims reported unsettled	**7,363,023**	5,294,344
Claims incurred but not reported	**3,600,000**	3,600,000
Unearned premiums	**14,751,655**	13,723,184
	25,714,678	22,617,528

9. Bank balances and cash

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Cash on hand	**6,394**	12,003
Bank balances:		
Current accounts	**5,713,234**	6,901,549
Call accounts	**223,137**	223,051
Fixed deposits	**41,074,033**	17,996,068
	47,016,798	25,132,671

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

9. Bank balances and cash (continued)

Fixed deposits amounting to AED 4,074,033 (31 December 2010: AED 3,996,068) are under lien against the credit facility granted to the Company.

Bank balances and cash represents

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Within U.A.E.	**46,845,470**	24,961,429
Outside U.A.E.	**171,328**	171,242
	47,016,798	25,132,671

10. Share capital

	30 September 2011 (unaudited) AED	31 December 2010 (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 30 September		**Nine month period ended 30 September**	
	2011 (unaudited) AED	2010 (unaudited) AED	**2011 (unaudited) AED**	2010 (unaudited) AED
Gross premium written				
Gross premium written	**11,823,244**	10,198,004	**43,521,645**	41,655,706
Change in unearned premium	**(615,340)**	508,825	**(664,670)**	183,614
	11,207,904	10,706,829	**42,856,975**	41,839,320
Reinsurance premium ceded				
Reinsurance premium ceded	**(4,448,071)**	(3,765,372)	**(17,458,885)**	(18,193,814)
Change in unearned premium	**243,948**	(100,771)	**(363,801)**	778,994
	(4,204,123)	(3,866,143)	**(17,822,686)**	(17,414,820)
Net insurance premium revenue	**7,003,781**	6,840,686	**25,034,289**	24,424,500

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

12. Basic earnings per share

	Three month period ended 30 September		Nine month period ended 30 September	
	2011 (unaudited)	2010 (unaudited) (Restated)	**2011 (unaudited)**	2010 (unaudited) (Restated)
Profit for the period (in AED)	**419,066**	9,853,711	**12,202,396**	19,646,594
Number of shares	**140,000,000**	140,000,000	**140,000,000**	140,000,000
Basic earnings per share (in AED)	**0.003**	0.070	**0.087**	0.140

13. Cash and cash equivalents

	30 September	
	2011 (unaudited) AED	2010 (unaudited) AED
Bank balances and cash	**47,016,798**	17,177,725
Fixed deposits under lien	**(4,074,033)**	(1,000,000)
Fixed deposits with maturity over 3 months	**(37,000,000)**	-
	5,942,765	16,177,725

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

14. Related party transactions

Transactions:

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2011	2010	**2011**	2010
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED	AED	**AED**	AED
Premium written	**134,127**	177,509	**445,236**	553,018
Management expenses (net)	**66,513**	58,941	**418,768**	1,702,198
Premiums written through a related party broker	**1,805,323**	1,518,721	**7,070,163**	7,138,911
Commission paid	**240,193**	214,213	**953,258**	864,795
Directors' and key management personnel remuneration including benefits	**262,105**	-	**1,228,420**	1,161,158
Board of Directors remuneration	**-**	-	**-**	700,000
Claims paid	**7,946**	319	**53,196**	4,645
Claims paid through a related party broker	**551,976**	84,708	**838,795**	202,951

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

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

15. Segment information

	Nine month period ended 30 September 2011			Nine month period ended 30 September 2010		
	Underwriting (unaudited)	**Investments (unaudited)**	**Total (unaudited)**	Underwriting (unaudited)	Investments (unaudited) (Restated)	Total (unaudited) (Restated)
	AED	**AED**	**AED**	AED	AED	AED
Segment revenue	**43,521,645**	**-**	**43,521,645**	41,655,706	-	41,655,706
Profit for the period	**3,098,594**	**9,103,802**	**12,202,396**	4,922,438	14,724,156	19,646,594
	30 September 2011 (unaudited) AED	**30 September 2011 (unaudited) AED**	**30 September 2011 (unaudited) AED**	31 December 2010 (audited) AED	31 December 2010 (audited) AED	31 December 2010 (audited) AED
Segment assets	**42,458,753**	**282,091,105**	**324,549,858**	39,857,477	272,433,488	312,290,965
Unallocated assets	**-**	**-**	**6,324,990**	-	-	7,585,320
Total assets	**42,458,753**	**282,091,105**	**330,874,848**	39,857,477	272,433,488	319,876,285
Segment liabilities	**66,048,232**	**-**	**66,048,232**	64,924,631	-	64,924,631
Unallocated liabilities	**-**	**-**	**1,577,911**	-	-	1,501,771
Total liabilities	**66,048,232**	**-**	**67,626,143**	64,924,631	-	66,426,402

There are no transactions between the business segments.

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

16. Commitments and contingent liabilities

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Letters of guarantees	**10,974,098**	11,835,594

17. Seasonality of results

No income of seasonal nature was recorded in the condensed statement of income for the nine month period ended 30 September 2011 and 2010.

18. Approval of condensed financial statements

These condensed financial statements were approved and authorised for issue on 3 November 2011.

19. Restatement of comparative amounts

Certain amounts for the comparative period have been restated as a result of Company's adoption of IFRS 9. There was no impact on total comprehensive income and equity of the Company as a result of the restatement.