ARABIAN SCANDINAVIAN INSURANCE COMPANY P.L.C.

Review report and interim financial information for the period ended 31 March 2011

ARABIAN SCANDINAVIAN INSURANCE COMPANY P.L.C.

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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 2011 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

Samir Madbak
Registration No. 386
4 May 2011

Condensed statement of financial position
at 31 March 2011

	Notes	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
ASSETS			
Non-current assets			
Property and equipment	4	422,720	448,717
Investment property	5	187,407,808	187,247,355
Financial investments designated at fair value through other comprehensive income (FVTOCI)	6	23,795,893	30,011,533
Statutory deposits	7	10,000,000	10,000,000
Total non-current assets		221,626,421	227,707,605
Current assets			
Re-insurance contract assets	8	11,755,128	11,739,222
Insurance and other receivables		25,551,798	14,814,618
Due from related parties		4,665,590	3,303,637
Financial investments at FVTPL	6	19,789,551	37,178,532
Bank balances and cash	9	40,862,641	25,132,671
Total current assets		102,624,708	92,168,680
Total assets		324,251,129	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		(5,824,611)	(7,473,571)
Retained earnings		45,174,621	42,565,642
Total equity		257,707,822	253,449,883
Non-current liabilities			
Provision for employees' end of service benefits		1,542,403	1,501,771
Current liabilities			
Insurance contract liabilities	8	34,485,788	34,356,750
Insurance and other payables		30,484,668	30,532,656
Due to related parties		30,448	35,225
Total current liabilities		65,000,904	64,924,631
Total liabilities		66,543,307	66,426,402
Total equity and liabilities		324,251,129	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 31 March 2011

	Notes	Three month period ended 31 March 2011 AED	2010 AED (Restated)
Insurance premium revenue	11	**17,684,076**	17,670,991
Insurance premium ceded to re-insurers	11	**(8,866,772)**	(8,532,467)
Net insurance premium revenue	11	**8,817,304**	9,138,524
Gross claims incurred		**(7,146,872)**	(7,220,911)
Insurance claims recovered from re-insurers		**2,971,852**	2,914,288
Net claims incurred		**(4,175,020)**	(4,306,623)
Gross commission earned		**3,220,905**	1,896,406
Less: commission incurred		**(1,492,967)**	(1,416,861)
Net commission earned		**1,727,938**	479,545
Underwriting profit		**6,370,222**	5,311,446
General and administrative expenses relating to underwriting activities		**(3,580,514)**	(3,403,961)
Net underwriting profit		**2,789,708**	1,907,485
Investment income		**2,522,897**	5,258,641
Other income		**21,545**	2,515
Profit for the period		**5,334,150**	7,168,641
Basic earnings per share	12	**0.04**	0.05

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

Condensed statement of comprehensive income (unaudited)
for the period ended 31 March 2011

	Three month period ended 31 March	
	2011	2010
	AED	AED (Restated)
Profit for the period	**5,334,150**	7,168,641
Other comprehensive income		
Net fair value (loss)/gain on investments designated at FVTOCI	**(941,077)**	1,373,729
(Loss)/gain on sale of investments designated FVTOCI	**(135,134)**	75,765
Board of Directors' remuneration paid	**-**	(700,000)
Other comprehensive (loss)/income for the period.	**(1,076,211)**	749,494
Total comprehensive income for the period	**4,257,939**	7,918,135

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

Condensed statement of changes in equity (unaudited)
for the period ended 31 March 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	-	-	-	-	7,168,641	7,168,641
Other comprehensive income for the period	-	-	-	1,373,729	(624,235)	749,494
Total comprehensive income for the period	-	-	-	1,373,729	6,544,406	7,918,135
Dividend paid	-	-	-	-	(14,000,000)	(14,000,000)
Transfer to retained earnings on sale of FVTOCI	-	-	-	1,536,044	(1,536,044)	-
Balance at 31 March 2010 (Unaudited)	140,000,000	42,688,525	34,798,325	(29,154,084)	68,932,037	257,264,803
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	-	-	-	-	5,334,150	5,334,150
Other comprehensive loss for the period	-	-	-	(941,077)	(135,134)	(1,076,211)
Total comprehensive income for the period	-	-	-	(941,077)	5,199,016	4,257,939
Transfer to retained earnings on sale of FVTOCI	-	-	-	2,590,037	(2,590,037)	-
Balance at 31 March 2011 (Unaudited)	**140,000,000**	**43,124,006**	**35,233,806**	**(5,824,611)**	**45,174,621**	**257,707,822**

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

Condensed statement of cash flows (unaudited)
for the period ended 31 March 2011

	Three month period ended 31 March	
	2011	2010
	AED	AED
		(Restated)
Cash flows from operating activities		
Profit for the period	**5,334,150**	7,168,641
Adjustments for:		
Depreciation of property and equipment	**37,247**	38,260
Provision for employees' end of service benefits	**40,632**	42,492
Loss on investments at FVTPL	**1,018,283**	(903,171)
Other investment income	**(3,541,180)**	(4,355,470)
Operating cash flows before changes in operating assets and liabilities	**2,889,132**	1,990,752
Increase in reinsurance contract assets	**(15,906)**	(1,911,568)
Increase in insurance and other receivables	**(10,737,180)**	(10,581,705)
Increase in due from related parties	**(1,361,953)**	(431,471)
Increase in insurance contract liabilities	**129,038**	682,608
Decrease in insurance and other payables	**(47,988)**	(6,894,073)
Decrease in due to related parties	**(4,777)**	(11,425)
Cash used in operations	**(9,149,634)**	(17,156,882)
Employees' end of service benefits paid	**-**	(2,758)
Net cash used in operating activities	**(9,149,634)**	(17,159,640)
Cash flows from investing activities		
Purchase of investment property	**(160,453)**	(141,600)
Purchase of property and equipment	**(11,250)**	(600)
Increase in fixed deposits with banks under lien	**(77,965)**	-
Increase in fixed deposits with maturity over 3 months	**(16,000,000)**	-
Purchase of investments in securities	**(16,966,428)**	(37,639,339)
Proceeds from sale of investments in securities	**38,476,555**	56,284,163
Income from investment property	**3,326,250**	4,151,134
Interest on fixed deposits	**214,930**	14,009
Dividend received	**-**	190,327
Net cash generated from investing activities	**8,801,639**	22,858,094
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	**(347,995)**	(9,001,546)
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)	**6,788,608**	9,057,319
	=========	========

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

Notes to the condensed financial statements
for the period ended 31 March 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. Adoption of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs adopted with no material effect on the condensed financial statements

The following new and revised IFRSs have been adopted in these condensed financial statements. The adoption of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 1 relating to *Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters*	1 July 2010
IAS 24 Related Party Disclosures (revised in 2009)	1 January 2011
Amendments to IFRIC 14 relating to Prepayments of a Minimum Funding Requirement	1 January 2011
Improvements to IFRSs issued in 2010 covering amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13	1 January 2011, except IFRS 3 and IAS 27 which are effective from 1 July 2010
Amendments to IAS 32 Financial Instruments: Presentation, relating to Classification of Rights Issues	1 February 2010

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not adopted 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 IFRS 7 *Financial Instruments: Disclosures*, relating to Disclosures on Transfers of Financial Assets	1 July 2011

Notes to the condensed financial statements
for the period ended 31 March 2011 (continued)

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Deferred Tax: Recovery of Underlying Assets – *Amendments to* IAS 12: *Income Taxes*	1 January 2012
Amendments to IFRS 1: *Removal of Fixed Dates for First-Time Adopter*	1 July 2011
Amendments to IFRS 1 : *Severe Hyperinflation*	1 July 2011

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 three month period ended 31 March 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

Notes to the condensed financial statements
for the period ended 31 March 2011 (continued)

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

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)”.

3.3.1 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.

Notes to the condensed financial statements
for the period ended 31 March 2011 (continued)

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) (continued)

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.

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.

Notes to the condensed financial statements
for the period ended 31 March 2011 (continued)

6. Financial investments

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

7. Statutory deposits

Statutory deposit represents fixed deposit 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.

8. Insurance contract liabilities and re-insurance contract assets

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**8,778,888**	8,243,493
Claims incurred but not reported	**3,600,000**	3,600,000
Unearned premiums	**22,106,900**	22,513,257
Total insurance contract liabilities, gross	**34,485,788**	34,356,750
Recoverable from re-insurers		
Claims reported unsettled	**3,351,275**	2,949,149
Unearned premiums	**8,403,853**	8,790,073
Total re-insurers' share of insurance liabilities	**11,755,128**	11,739,222
Net		
Claims reported unsettled	**5,427,613**	5,294,344
Claims incurred but not reported	**3,600,000**	3,600,000
Unearned premiums	**13,703,047**	13,723,184
	22,730,660	22,617,528

Notes to the condensed financial statements
for the period ended 31 March 2011 (continued)

9. Bank balances and cash

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
Cash on hand	**25,323**	12,002
Bank balances:		
Current accounts	**6,540,149**	6,901,549
Call accounts	**223,136**	223,051
Fixed deposits	**34,074,033**	17,996,069
	40,862,641	25,132,671

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

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
Within U.A.E.	**40,691,313**	24,961,429
Outside U.A.E.	**171,328**	171,242
	40,862,641	25,132,671

10. Share capital

	31 March 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

Notes to the condensed financial statements
for the period ended 31 March 2011 (continued)

11. Net insurance premium revenue

	Three month period ended 31 March	
	2011	2010
	(unaudited)	(unaudited)
	AED	AED
Gross premium written		
Gross premium written	**17,277,719**	18,263,687
Change in unearned premium	**406,357**	(592,696)
	17,684,076	17,670,991
Reinsurance premium ceded		
Reinsurance premium ceded	**(8,480,552)**	(9,423,232)
Change in unearned premium	**(386,220)**	890,765
	(8,866,772)	(8,532,467)
	8,817,304	9,138,524

12. Basic earnings per share

	Three month period ended 31 March	
	2011	2010
	(unaudited)	(unaudited)
		(Restated)
Profit for the period (in AED)	**5,334,150**	7,168,641
Number of shares	**140,000,000**	140,000,000
Basic earnings per share (in AED)	**0.04**	0.05

13. Cash and cash equivalents

	31 March	
	2011	2010
	(unaudited)	(unaudited)
	AED	AED
Bank balances and cash	**40,862,641**	10,057,319
Fixed deposit with maturity over 3 months	**(30,000,000)**	-
Fixed deposits under lien	**(4,074,033)**	(1,000,000)
	6,788,608	9,057,319

Notes to the condensed financial statements
for the period ended 31 March 2011 (continued)

14. Segment information

	Underwriting 31 March 2011 unaudited AED	**Investments 31 March 2011 unaudited AED**	**Total 31 March 2011 unaudited AED**	Underwriting 31 March 2010 unaudited AED	Investments 31 March 2010 unaudited (Restated) AED	Total 31 March 2010 unaudited (Restated) AED
Segment revenue	**17,277,719**	**-**	**17,277,719**	18,263,687	-	18,263,687
Profit for the period	**2,789,708**	**2,544,442**	**5,334,150**	1,907,485	5,261,156	7,168,641

	31 March 2011 unaudited AED	**31 March 2011 unaudited AED**	**31 March 2011 unaudited AED**	31 December 2010 audited AED	31 December 2010 audited AED	31 December 2010 audited AED
Segment assets	**51,972,516**	**265,067,285**	**317,039,801**	39,857,477	272,433,489	312,290,966
Unallocated assets	**-**	**-**	**7,211,328**	-	-	7,585,319
Total assets	**51,972,516**	**265,067,285**	**324,251,129**	39,857,477	272,433,489	319,876,285
Segment liabilities	**65,000,904**	**-**	**65,000,904**	64,924,631	-	64,924,631
Unallocated liabilities	**-**	**-**	**1,542,403**	**-**	**-**	1,501,771
Total liabilities	**65,000,904**	**-**	**66,543,307**	64,924,631	-	66,426,402

There are no transactions between the business segments.

Notes to the condensed financial statements
for the period ended 31 March 2011 (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	
	2011	2010
	(unaudited)	(unaudited)
	AED	AED
Premium written	**253,237**	358,839
Management expenses (net)	**229,248**	1,105,156
Premiums written through a related party broker	**3,849,811**	3,971,148
Commission paid	**530,161**	471,357
Directors' and key management personnel remuneration including benefits	**573,750**	660,942
Board of Directors remuneration	**-**	700,000
Claims paid	**22,957**	4,308
Claims paid through a related party broker	**156,807**	35,093

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

16. Commitments and contingent liabilities

	31 March 2011	31 December 2010
	(unaudited)	(audited)
	AED	AED
Letters of guarantees	**12,832,013**	11,835,594

17. Seasonality of results

No income of seasonal nature was recorded in the statement of income for the three month period ended 31 March 2011 and 2010.

18. Approval of condensed financial statements

The condensed financial statements were approved and authorised for issue on 4 May 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.