الشركة العربية الاسكندنافية للتأمين ش م ع

**ARABIAN SCANDINAVIAN INSURANCE COMPANY PLC**

**Incorporated with limited liability by Amiri decree**
**A company subject to Federal law No.(9) of year 1984 and registered in the insurance companies register under No. (6) on 15/12/1984**
**Paid Up Capital Dirhams One Hundred and Forty Million.**

**تأسست بموجب مرسوم أميري بضمان محدود**
شركة خاضعة لأحكام القانون الاتحادي رقم (9) لسنة 1984 م ومقيدة في سجل
شركات التأمين تحت رقم (6) بتاريخ 15\12\1984 م رأس المال
المدفوع مائة و أربعون مليون درهم

## Financial Highlights for the Half-year ended 30th June 2007

The Gross Written Premium for the Half-year ended 30th June 2007 is of AED 31.07 Million (AED 27.55 Million FY 2006 ) showing a growth of 11.32%. The Underwriting profit of AED 8.06 Million for the period is up by 77.89 % compared to the corresponding period in 2006 (AED 1.78 Million -30th June 2006).

Due to the favourable trend prevailing in the stock market the Investment income for the period is AED 2.44 Million as compared to loss of AED 34.89 Million.

The Net profit for the period ended 30th June 2007 amounted to AED 18.39 Million compared to a loss of AED 28.99 Million for the period ended 30th June 2006.

**Board of Directors**

**Head Office : P. O. Box 1993, Dubai, UAE المركز الرئيسي : ص.ب 1993 دبي، الامارات العربية المتحدة**
**Tel :2824403 / 2825585, Telefax: 2825586 هاتف:2825585\ 2824403، تلفاكس : 2825586**
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*Ref: 31129FS07-June*

# 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 June 30, 2007 and the related condensed statements of income, changes in equity and cash flows for the six-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 as of December 31, 2006 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 for the six month period ended June 30, 2006 were reviewed by another auditor who issued an unqualified report dated July 24, 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.

**For Deloitte & Touche**

**Saba Y. Sindaha**
**Partner**
**(Registration No. 410)**

**Sharjah**
**July 26, 2007**

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



## Condensed Balance Sheet
## At June 30, 2007
## (In Arab Emirates Dirhams)

| | Notes | June 30, 2007 Unaudited | December 31, 2006 Audited |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 4 | **6,810,303** | 32,048,267 |
| Investment property | 4 | **167,986,262** | 132,250,000 |
| Available-for-sale investments | | **63,424,417** | 64,734,457 |
| **Total non-current assets** | | **238,220,982** | 229,032,724 |
| **Current assets** | | | |
| Reinsurance contract assets | 5 | **14,794,194** | 16,172,864 |
| Insurance and other receivables | | **17,125,496** | 17,463,118 |
| Due from related parties | | **9,012,896** | 6,447,096 |
| Investments held for trading | | **63,839,852** | 65,332,498 |
| Bank balances and cash | 6 | **45,925,600** | 12,289,990 |
| **Total current assets** | | **150,698,038** | 117,705,566 |
| **Total Assets** | | **388,919,020** | 346,738,290 |
| | | ========= | ========= |
| **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 | | **( 164,983)** | ( 6,927,477) |
| Retained earnings | | **93,366,277** | 75,532,327 |
| **Total equity** | | **289,836,432** | 265,239,988 |
| **Non-current liabilities** | | | |
| Provision for employees' end of service indemnity | | **1,104,044** | 913,442 |
| **Current liabilities** | | | |
| Insurance contract liabilities | 5 | **43,358,607** | 44,400,932 |
| Insurance and other payables | | **53,247,094** | 28,782,061 |
| Due to related parties | | **1,372,843** | 2,029,563 |
| Bank overdrafts | | **-** | 5,372,304 |
| **Total current liabilities** | | **97,978,544** | 80,584,860 |
| **Total Liabilities** | | **99,082,588** | 81,498,302 |
| **Total Equity and Liabilities** | | **388,919,020** | 346,738,290 |
| | | ========= | ========= |

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 July 26, 2007.

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Majed M. A. Al Kazim
Director

## Condensed Statement of Income
## For the six month period ended June 30, 2007
## (In Arab Emirates Dirhams)

| | Notes | Six month period ended June 30, 2007 Unaudited | Six month period ended June 30, 2006 Unaudited | Three month period ended June 30, 2007 Unaudited | Three month period ended June 30, 2006 Unaudited |
|---|---|---|---|---|---|
| Insurance premium revenue | 8 | **29,337,355** | 25,712,077 | **12,415,392** | 11,510,496 |
| Insurance premium ceded to reinsurers | 8 | **( 9,942,712)** | ( 8,615,271) | **( 4,057,326)** | ( 3,538,294) |
| **Net insurance premium revenue** | 8 | **19,394,643** | 17,096,806 | **8,358,066** | 7,972,202 |
| Gross claims incurred | | **( 11,969,913)** | ( 15,033,408) | **( 5,491,246)** | ( 9,561,828) |
| Insurance claims recovered from reinsurers | | **5,020,454** | 4,867,570 | **3,151,213** | 2,819,382 |
| **Net claims incurred** | | **( 6,949,459)** | ( 10,165,838) | **( 2,340,033)** | ( 6,742,446) |
| Gross commission earned | | **2,506,813** | 2,252,753 | **888,577** | 752,702 |
| Less: commission incurred | | **( 2,154,608)** | ( 3,146,190) | **( 993,118)** | ( 780,206) |
| **Net commission earned/(incurred)** | | **352,205** | ( 893,437) | **( 104,541)** | ( 27,504) |
| **Underwriting profit** | | **12,797,389** | 6,037,531 | **5,913,492** | 1,202,252 |
| General and administrative expenses relating to underwriting activities | | **( 4,734,846)** | ( 4,254,903) | **( 2,367,161)** | ( 2,330,159) |
| **Net underwriting profit** | | **8,062,543** | 1,782,628 | **3,546,331** | ( 1,127,907) |
| Investment revenue/(loss) | | **9,297,737** | ( 31,237,827) | **10,457,261** | (19,076,086) |
| Other income | | **1,033,670** | 465,575 | **1,031,022** | 230,705 |
| **Profit/(loss) for the period** | | **18,393,950** | ( 28,989,624) | **15,034,614** | (19,973,288) |
| | | ========= | ========= | ======== | ======== |
| **Basic earnings per share** | 9 | **0.13** | ( 0.21 ) | **0.11** | ( 0.14 ) |
| | | ========= | ========= | ======== | ======== |

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

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

## Condensed Statement of Changes in Equity
## For the six month period ended June 30, 2007
## (In Arab Emirates Dirhams)

| | Share capital | Statutory reserve | General reserve | Cumulative change in fair values | Retained earnings | Total |
|---|---|---|---|---|---|---|
| Balance at December 31, 2005 (Audited) | 100,000,000 | 31,559,558 | 23,669,358 | 11,517,262 | 121,107,446 | 287,853,624 |
| Loss on available-for-sale investments recognised directly in equity | - | - | - | ( 48,436,281) | - | ( 48,436,281) |
| Transfer to profit or loss on sale of available-for-sale investments | - | - | - | ( 383,195) | - | ( 383,195) |
| Loss for the period | - | - | - | - | ( 28,989,624) | ( 28,989,624) |
| Total recognised income and expense for the period | - | - | - | ( 48,819,476) | ( 28,989,624) | ( 77,809,100) |
| 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) |
| | 40,000,000 | - | - | - | ( 51,200,000) | ( 11,200,000) |
| Balance at June 30, 2006 (Unaudited) | 140,000,000 | 31,559,558 | 23,669,358 | ( 37,302,214) | 40,917,822 | 198,844,524 |
| | ======== | ======= | ======== | ======== | ======== | ======== |
| Balance at December 31, 2006 (Audited) | 140,000,000 | 32,262,669 | 24,372,469 | ( 6,927,477) | 75,532,327 | 265,239,988 |
| Loss on available-for-sale investments recognised directly in equity | - | - | - | ( 164,983) | - | ( 164,983) |
| Transfer to profit or loss on sale of available-for-sale investments | - | - | - | 6,927,477 | - | 6,927,477 |
| Profit for the period | - | - | - | - | 18,393,950 | 18,393,950 |
| Total recognised income and expense for the period | - | - | - | 6,762,494 | 18,393,950 | 25,156,444 |
| Board of directors' remuneration paid | - | - | - | - | ( 560,000) | ( 560,000) |
| **Balance at June 30, 2007 (Unaudited)** | **140,000,000** | **32,262,669** | **24,372,469** | **( 164,983)** | **93,366,277** | **289,836,432** |
| | ========= | ======= | ======== | ========= | ======== | ======== |

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

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



## Condensed Statement of Cash Flows
## For the six month period ended June 30, 2007
## (In Arab Emirates Dirhams)

| | **Six month period ended June 30, 2007 Unaudited** | Six month period ended June 30, 2006 Unaudited |
|---|---|---|
| **Operating activities** | | |
| Profit/(loss) for the period | **18,393,950** | ( 28,989,624) |
| Adjustments for: | | |
| Decrease in reinsurance contract assets | **1,378,670** | 878,195 |
| (Decrease)/increase in insurance contract liabilities | **( 1,042,325)** | 1,997,937 |
| Depreciation of property and equipment | **87,464** | 108,754 |
| Unrealised loss on investments held for trading | **5,078,177** | 38,791,701 |
| Other investment revenues | **( 14,375,914)** | ( 7,553,874) |
| Provision for employees' end of service indemnity | **224,982** | 53,781 |
| **Operating profit before changes in working capital** | **9,745,004** | 5,286,870 |
| Decrease/(increase) in insurance and other receivables | **337,622** | ( 3,362,937) |
| (Increase)/decrease in due from related parties | **( 2,565,800)** | 6,054,606 |
| (Decrease)/increase in due to related parties | **( 656,720)** | 15,306 |
| Increase in insurance and other payables | **24,465,033** | 3,365,145 |
| **Cash generated from operations** | **31,325,139** | 11,358,990 |
| Employees' end of service indemnity paid | **( 34,380)** | ( 59,922) |
| **Net cash generated from operating activities** | **31,290,759** | 11,299,068 |
| **Investing activities** | | |
| Purchase of property and equipment | **( 10,585,762)** | ( 5,286,136) |
| Purchase of investments in securities | **(162,191,510)** | ( 76,552,949) |
| Proceeds from sale of investments in securities | **171,882,748** | 75,408,764 |
| Income from investment property | **6,854,230** | 3,661,465 |
| Dividend received | **2,317,449** | 1,838,854 |
| **Net cash generated from/(used in) investing activities** | **8,277,155** | ( 930,002) |
| **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 | **33,635,610** | ( 830,934) |
| 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)** | **37,425,600** | 5,244,581 |
| | ========= | ========= |

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