

**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, 2008**

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, 2008

Table of Contents

	<u>Pages</u>
Report on Review of Interim Financial Information	1
Condensed Balance Sheet	2
Condensed Statement of Income	3
Condensed Statement of Changes in Equity	4
Condensed Statement of Cash Flows	5
Notes to the Interim Financial Information	6 - 12

Ref: 32608FS08-Mar

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, 2008 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.

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, 2008

For Deloitte & Touche



Saba Y. Sindaha
Partner
(Registration No. 410)

Condensed Balance Sheet
At March 31, 2008
(In Arab Emirates Dirhams)

	Notes	March 31, 2008 Unaudited	December 31, 2007 Audited
ASSETS			
Non-current assets			
Property and equipment	4	12,557,007	9,151,820
Investment property		181,685,147	169,500,000
Available-for-sale investments		97,394,827	115,664,080
Total non-current assets		291,636,981	294,315,900
Current assets			
Re-insurance contract assets	5	14,960,468	13,126,218
Insurance and other receivables		21,433,942	17,481,031
Due from related parties		13,029,119	8,491,529
Investments held for trading		46,610,951	26,403,643
Bank balances and cash	6	14,006,226	72,374,789
Total current assets		110,040,706	137,877,210
Total Assets		401,677,687	432,193,110
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	140,000,000	140,000,000
Statutory reserve		40,759,753	40,759,753
General reserve		32,869,553	32,869,553
Investments revaluation reserve		(5,103,149)	1,950,668
Retained earnings		109,418,393	142,948,995
Total Equity		317,944,550	358,528,969
Non-current liabilities			
Provision for employees' end of service indemnity		1,184,630	1,147,736
Current liabilities			
Insurance contract liabilities	5	47,122,600	42,954,583
Insurance and other payables		34,033,646	28,210,742
Due to related parties		1,392,261	1,351,080
Total current liabilities		82,548,507	72,516,405
Total Liabilities		83,733,137	73,664,141
Total Equity and Liabilities		401,677,687	432,193,110

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


Ahmed M.A. Al Kazim
Managing Director

Condensed Statement of Income
For the three month period ended March 31, 2008
(In Arab Emirates Dirhams)

	Notes	Three month period ended March 31,	
		2008	2007
		Unaudited	Unaudited
Insurance premium revenue	8	19,889,484	16,921,963
Reinsurance premium ceded	8	(6,939,292)	(5,885,386)
Net insurance premium revenue	8	12,950,192	11,036,577
Gross claims incurred		(8,992,164)	(6,478,667)
Insurance claims recovered from reinsurers		3,556,676	1,869,241
Net claims incurred		(5,435,488)	(4,609,426)
Gross commission earned		1,856,932	1,618,236
Less: commission incurred		(1,558,977)	(1,161,490)
Net commission earned		297,955	456,746
Underwriting profit		7,812,659	6,883,897
General and administrative expenses relating to underwriting activities		(3,483,302)	(2,367,685)
Net underwriting profit		4,329,357	4,516,212
Investment loss		(2,236,865)	(1,159,524)
Other income		76,906	2,648
Profit for the period		2,169,398	3,359,336
Basic earnings per share	9	0.01	0.02

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

Condensed Statement of Changes in Equity
For the three month period ended March 31, 2008
(In Arab Emirates Dirhams)

	Share capital	Statutory reserve	General reserve	Investments revaluation reserve	Retained earnings	Total
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	-	-	-	(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	-	-	-	-	3,359,336	3,359,336
Total recognised income and expense for the period	-	-	-	(5,332,130)	3,359,336	(1,972,794)
Board of Directors' remuneration paid	-	-	-	-	(560,000)	(560,000)
Balance at March 31, 2007 (Unaudited)	140,000,000	32,262,669	24,372,469	(12,259,607)	78,331,663	262,707,194
Balance at December 31, 2007 (Audited)	140,000,000	40,759,753	32,869,553	1,950,668	142,948,995	358,528,969
Loss on available-for-sale investments recognised directly in equity	-	-	-	(5,103,149)	-	(5,103,149)
Transfer to profit or loss on sale of available-for-sale investments	-	-	-	(1,950,668)	-	(1,950,668)
Profit for the period	-	-	-	-	2,169,398	2,169,398
Total recognised income and expense for the period	-	-	-	(7,053,817)	2,169,398	(4,884,419)
Board of Directors' remuneration paid	-	-	-	-	(700,000)	(700,000)
Dividend paid	-	-	-	-	(35,000,000)	(35,000,000)
Balance at March 31, 2008 (Unaudited)	140,000,000	40,759,753	32,869,553	(5,103,149)	109,418,393	317,944,550

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

Condensed Statement of Cash Flows
For the three month period ended March 31, 2008
(In Arab Emirates Dirhams)

	Three month period ended	
	March 31,	
	2008	2007
	Unaudited	Unaudited
Operating activities		
Profit for the period	2,169,398	3,359,336
Adjustments for:		
Increase in reinsurance contract assets	(1,834,250)	(297,297)
Increase in insurance contract liabilities	4,168,017	1,490,554
Depreciation of property and equipment	41,441	44,597
Unrealised loss on investments held for trading	9,007,464	5,770,104
Other investment revenues	(6,770,599)	(4,610,580)
Provision for employees' end of service indemnity	37,760	184,470
Operating cash flows before movements in working capital	6,819,231	5,941,184
Increase in insurance and other receivables	(3,952,911)	(3,831,764)
Increase in due from related parties	(4,537,590)	(1,536,716)
Increase/(decrease) in due to related parties	41,181	(763,792)
Increase in insurance and other payables	5,822,904	11,470,995
Cash generated from operations	4,192,815	11,279,907
Employees' end of service indemnity paid	(866)	(34,380)
Net cash generated from operating activities	4,191,949	11,245,527
Investing activities		
Purchase of investment property	(12,185,147)	-
Purchase of property and equipment	(3,446,628)	(4,852,315)
Purchase of investments in securities	(107,687,554)	(51,794,821)
Proceeds from sale of investments in securities	92,682,492	51,125,230
Income from investment property	3,776,325	2,115,182
Other investment income received	-	1,817,995
Net cash used in investing activities	(26,860,512)	(1,588,729)
Financing activities		
Decrease in bank overdraft	-	(5,372,304)
Dividend paid	(35,000,000)	-
Board of directors' remuneration paid	(700,000)	(560,000)
Cash used in financing activities	(35,700,000)	(5,932,304)
Net (decrease)/increase in cash and cash equivalents	(58,368,563)	3,724,494
Cash and cash equivalents at the beginning of the period	63,874,789	3,789,990
Cash and cash equivalents at the end of the period (Note 10)	5,506,226	7,514,484

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

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2008

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 audited annual financial statements as at and for the year ended December 31, 2007.

3. Accounting policies

The accounting policies used in the preparation of this interim financial information are consistent with those used in the audited annual financial statements for the year ended December 31, 2007.

Notes to the Interim Financial Information
For the three month period ended March 31, 2008

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

This interim financial information is prepared in accordance with 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 revaluation 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.

This 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 audited annual financial statements as at and for the year ended December 31, 2007. In addition, results for the 3 months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2008.

(a) Estimates

The preparation of interim financial information require management to make judgements, 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 this interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the audited annual financial statements as at and for the year ended December 31, 2007.

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2008

4. Property and equipment

During the period, additions to property and equipment amounted to AED 3,446,628 (three month period ended March 31, 2007: AED 4,852,315) and depreciation for the 3 month period ended March 31, 2008 amounted to AED 41,441 (3 month period ended March 31, 2007: AED 44,597).

5. Insurance contract liabilities and re-insurance contract assets

	March 31, 2008	December 31, 2007
	Unaudited	Audited
	AED	AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	18,487,137	15,623,274
Claims incurred but not reported	3,600,000	3,600,000
Unearned premiums	25,035,463	23,731,309
Total insurance contract liabilities, gross	47,122,600	42,954,583
Recoverable from reinsurers		
Claims reported unsettled	8,614,347	7,366,001
Unearned premiums	6,346,121	5,760,217
Total reinsurers' share of insurance liabilities	14,960,468	13,126,218
Net		
Claims reported unsettled	9,872,790	8,257,273
Claims incurred but not reported	3,600,000	3,600,000
Unearned premiums	18,689,342	17,971,092
	32,162,132	29,828,365

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2008

6. Bank balances and cash

	March 31, 2008	December 31, 2007
	Unaudited	Audited
	AED	AED
Cash on hand	27,396	117,477
Bank balances:		
Current accounts	2,281,722	60,636,962
Call accounts	216,289	216,289
Fixed deposits	11,480,819	11,404,061
	14,006,226	72,374,789

Fixed deposits amounting to AED 7,500,000 (December 31, 2007: 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, 2007: AED 1,000,000) are under lien against the credit facility granted to the Company.

7. Share capital

	March 31, 2008	December 31, 2007
	Unaudited	Audited
	AED	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, 2008

8. Net insurance premium revenue

	Three month period ended March 31,	
	2008	2007
	Unaudited	Unaudited
	AED	AED
Gross premium written		
Gross premium written	21,193,638	17,881,486
Change in unearned premium	(1,304,154)	(959,523)
	<u>19,889,484</u>	<u>16,921,963</u>
Reinsurance premium ceded		
Reinsurance premium ceded	(7,525,196)	(5,999,832)
Change in unearned premium	585,904	114,446
	<u>(6,939,292)</u>	<u>(5,885,386)</u>
Net insurance premium revenue	<u>12,950,192</u>	<u>11,036,577</u>

9. Basic earnings per share

	Three month period ended March 31,	
	2008	2007
	Unaudited	Unaudited
Profit for the period (in AED)	<u>2,169,398</u>	<u>3,359,336</u>
Number of shares	<u>140,000,000</u>	<u>140,000,000</u>
Basic earnings per share (in AED)	<u>0.01</u>	<u>0.02</u>

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2008

10. Cash and cash equivalents

	March 31,	
	2008	2007
	Unaudited	Unaudited
	AED	AED
Bank balances and cash	14,006,226	16,014,484
Bank fixed deposits under lien	(8,500,000)	(8,500,000)
	<u>5,506,226</u>	<u>7,514,484</u>

11. Related party transactions

Transactions:

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

	Three month period ended	
	March 31,	
	2008	2007
	Unaudited	Unaudited
	AED	AED
Insurance policies	453,223	42,014
Management expenses (net)	1,060,014	811,541
Premiums written through a related party broker	3,185,719	3,188,258
Commission paid	394,677	397,973
Directors' and key management personnel remuneration including benefits	1,343,400	832,247
Claims paid	17,755	11,789
Claims paid through a related party broker	259,656	10,048
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, 2008

12. Dividends

During the period dividend per share of AED 25 fils was paid to the Shareholder (2007: Nil).

13. Commitments and contingent liabilities

	March 31, 2008	December 31, 2007
	Unaudited	Audited
	AED	AED
Commitments for acquisition of investment property	10,881,825	14,328,454
Letters of guarantees	9,333,290	9,333,290

14. Approval of interim financial information

The interim financial information were approved and authorised for issue on April 29, 2008.

15. Comparative amounts

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