

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

**INTERIM FINANCIAL INFORMATION
AND REVIEW REPORT
FOR THE SIX MONTH PERIOD
ENDED JUNE 30, 2008**

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

**Interim Financial Information and Review Report
For the Six Month Period Ended June 30, 2008**

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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 June 30, 2008 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.

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
July 28, 2008

For Deloitte & Touche

Saba Y. Sindaha
Partner
(Registration No. 410)

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

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

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Condensed Balance Sheet
At June 30, 2008
(In Arab Emirates Dirhams)

	Notes	June 30, 2008 Unaudited	December 31, 2007 Audited
ASSETS			
Non-current assets			
Property and equipment	4	14,354,973	9,151,820
Investment property		181,685,146	169,500,000
Available-for-sale investments		106,789,435	115,664,080
Total non-current assets		302,829,554	294,315,900
Current assets			
Re-insurance contract assets	5	13,441,975	13,126,218
Insurance and other receivables		21,426,802	17,481,031
Due from related parties		9,762,016	8,491,529
Investments held for trading		57,483,924	26,403,643
Bank balances and cash	6	13,909,157	72,374,789
Total current assets		116,023,874	137,877,210
Total Assets		418,853,428	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		1,608,255	1,950,668
Retained earnings		116,458,948	142,948,995
Total Equity		331,696,509	358,528,969
Non-current liabilities			
Provision for employees' end of service indemnity		1,225,618	1,147,736
Current liabilities			
Insurance contract liabilities	5	47,705,935	42,954,583
Insurance and other payables		38,225,366	28,210,742
Due to related parties		-	1,351,080
Total current liabilities		85,931,301	72,516,405
Total Liabilities		87,156,919	73,664,141
Total Equity and Liabilities		418,853,428	432,193,110

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


Ahmad M. A. Al Kazim
Managing Director

Condensed Statement of Income
For the six month period ended June 30, 2008
(In Arab Emirates Dirhams)

		Six month period ended June 30,		Three month period ended June 30,	
	<u>Notes</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Insurance premium revenue	8	36,417,003	29,337,355	16,527,519	12,415,392
Reinsurance premium ceded	8	(11,799,038)	(9,942,712)	(4,859,746)	(4,057,326)
Net insurance premium revenue	8	<u>24,617,965</u>	<u>19,394,643</u>	<u>11,667,773</u>	<u>8,358,066</u>
Gross claims incurred		(15,836,595)	(11,969,913)	(6,844,431)	(5,491,246)
Insurance claims recovered from reinsurers		<u>5,605,829</u>	<u>5,020,454</u>	<u>2,049,153</u>	<u>3,151,213</u>
Net claims incurred		<u>(10,230,766)</u>	<u>(6,949,459)</u>	<u>(4,795,278)</u>	<u>(2,340,033)</u>
Gross commission earned		3,156,446	2,506,813	1,299,514	888,577
Less: commission incurred		(2,833,796)	(2,154,608)	(1,274,819)	(993,118)
Net commission earned/(incurred)		<u>322,650</u>	<u>352,205</u>	<u>24,695</u>	<u>(104,541)</u>
Underwriting profit		14,709,849	12,797,389	6,897,190	5,913,492
General and administrative expenses relating to underwriting activities		(6,289,306)	(4,734,846)	(2,806,004)	(2,367,161)
Net underwriting profit		8,420,543	8,062,543	4,091,186	3,546,331
Investment revenue		711,100	9,297,737	2,947,965	10,457,261
Other income		<u>78,310</u>	<u>1,033,670</u>	<u>1,404</u>	<u>1,031,022</u>
Profit for the period		<u>9,209,953</u>	<u>18,393,950</u>	<u>7,040,555</u>	<u>15,034,614</u>
Basic earnings per share	9	<u>0.07</u>	<u>0.13</u>	<u>0.05</u>	<u>0.11</u>

The accompanying notes form an integral part of this 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 six month period ended June 30, 2008
(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Investments revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</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	-	-	-	(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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,393,950</u>	<u>18,393,950</u>
Total recognised income and expense for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,762,494</u>	<u>18,393,950</u>	<u>25,156,444</u>
Board of directors' remuneration paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(560,000)</u>	<u>(560,000)</u>
Balance at June 30, 2007 (Unaudited)	<u>140,000,000</u>	<u>32,262,669</u>	<u>24,372,469</u>	<u>(164,983)</u>	<u>93,366,277</u>	<u>289,836,432</u>
	=====	=====	=====	=====	=====	=====
Balance at December 31, 2007 (Audited)	<u>140,000,000</u>	<u>40,759,753</u>	<u>32,869,553</u>	<u>1,950,668</u>	<u>142,948,995</u>	<u>358,528,969</u>
Loss on available-for-sale investments recognised directly in equity	-	-	-	1,608,255	-	1,608,255
Transfer to profit or loss on sale of available-for-sale investments	-	-	-	(1,950,668)	-	(1,950,668)
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,209,953</u>	<u>9,209,953</u>
Total recognised income and expense for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(342,413)</u>	<u>9,209,953</u>	<u>8,867,540</u>
Dividend paid	-	-	-	-	(35,000,000)	(35,000,000)
Board of directors' remuneration paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(700,000)</u>	<u>(700,000)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,700,000)</u>	<u>(35,700,000)</u>
Balance at June 30, 2008 (Unaudited)	<u>140,000,000</u>	<u>40,759,753</u>	<u>32,869,553</u>	<u>1,608,255</u>	<u>116,458,948</u>	<u>331,696,509</u>
	=====	=====	=====	=====	=====	=====

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

Condensed Statement of Cash Flows
For the six month period ended June 30, 2008
(In Arab Emirates Dirhams)

	Six month period ended June 30, <u>2008</u> Unaudited	Six month period ended June 30, <u>2007</u> Unaudited
Operating activities		
Profit for the period	9,209,953	18,393,950
Adjustments for:		
(Increase)/decrease in reinsurance contract assets	(315,757)	1,378,670
Increase/(decrease) in insurance contract liabilities	4,751,352	(1,042,325)
Depreciation of property and equipment	85,403	87,464
Unrealised loss on investments held for trading	13,375,514	5,078,177
Other investment revenues	(14,086,614)	(14,375,914)
Provision for employees' end of service indemnity	<u>77,882</u>	<u>224,982</u>
Operating profit before changes in working capital	13,097,733	9,745,004
(Increase)/decrease in insurance and other receivables	(3,945,771)	337,622
Increase in due from related parties	(1,270,487)	(2,565,800)
Decrease in due to related parties	(1,351,080)	(656,720)
Increase in insurance and other payables	<u>10,014,624</u>	<u>24,465,033</u>
Cash generated from operations	16,545,019	31,325,139
Employees' end of service indemnity paid	<u>-</u>	(34,380)
Net cash generated from operating activities	<u>16,545,019</u>	<u>31,290,759</u>
Investing activities		
Purchase of property and equipment	(5,288,556)	(10,585,762)
Purchase of investment property	(12,185,146)	-
Purchase of investments in securities	(160,807,202)	(162,191,510)
Proceeds from sale of investments in securities	128,743,987	171,882,748
Income from investment property	7,646,102	6,854,230
Dividend received	<u>2,580,164</u>	<u>2,317,449</u>
Net cash (used in)/generated from investing activities	<u>(39,310,651)</u>	<u>8,277,155</u>
Finance activities		
Decrease in bank overdraft	-	(5,372,304)
Dividend paid	(35,000,000)	-
Board of directors' remuneration paid	<u>(700,000)</u>	<u>(560,000)</u>
Net cash used in financing activities	<u>(35,700,000)</u>	<u>(5,932,304)</u>
Net (decrease)/increase in cash and cash equivalents	(58,465,632)	33,635,610
Cash and cash equivalents at the beginning of the period	<u>63,874,789</u>	<u>3,789,990</u>
Cash and cash equivalents at the end of the period (Note 10)	<u>5,409,157</u> =====	37,425,600 =====

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

Notes to the Interim Financial Information
For the six month period ended June 30, 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 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 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 annual audited financial statements as at and for the year ended December 31, 2007. In addition, results for the six month period ended June 30, 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 the same as those that were applied to the annual audited financial statements as at and for the year ended December 31, 2007.

Notes to the Interim Financial Information (continued)
For the six month period ended June 30, 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 annual audited 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 annual audited financial statements for the year ended December 31 2007.

4. Property and equipment

During the period, additions to property and equipment amounted to AED 5,288,556 (six month period ended June 30, 2007: AED 10,585,762) and depreciation for the six month period ended June 30, 2008 amounted to AED 85,403 (six month period ended June 30, 2007: AED 87,464).

Notes to the Interim Financial Information (continued)
For the six month period ended June 30, 2008

5. Insurance contract liabilities and re-insurance contract assets

	June 30, 2008	December 31,
	Unaudited	2007
	AED	Audited AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	17,837,513	15,623,274
Claims incurred but not reported	3,600,000	3,600,000
Unearned premiums	<u>26,268,422</u>	<u>23,731,309</u>
Total insurance contract liabilities, gross	<u>47,705,935</u>	<u>42,954,583</u>
Recoverable from reinsurers		
Claims reported unsettled	6,753,405	7,366,001
Unearned premiums	<u>6,688,570</u>	<u>5,760,217</u>
Total reinsurers' share of insurance liabilities	<u>13,441,975</u>	<u>13,126,218</u>
Net		
Claims reported unsettled	11,084,108	8,257,273
Claims incurred but not reported	3,600,000	3,600,000
Unearned premiums	<u>19,579,852</u>	<u>17,971,092</u>
	<u>34,263,960</u>	29,828,365
	=====	=====

Notes to the Interim Financial Information (continued)
For the six month period ended June 30, 2008

6. Bank balances and cash

	June 30, 2008	December 31, 2007
	Unaudited AED	Audited AED
Cash on hand	7,187	117,477
Bank balances:		
Current accounts	2,203,243	60,636,962
Call accounts	216,289	216,289
Fixed deposits	<u>11,482,438</u>	<u>11,404,061</u>
	13,909,157	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

	June 30, 2008	December 31, 2007
	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 six month period ended June 30, 2008

8. Net insurance premium revenue

	Six month period ended June 30,		Three month period ended June 30,	
	2008	2007	2008	2007
	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED
Gross premium written				
Gross premium written	38,954,116	31,069,143	17,760,478	13,187,657
Change in unearned premium	(2,537,113)	(1,731,788)	(1,232,959)	(772,265)
	<u>36,417,003</u>	<u>29,337,355</u>	<u>16,527,519</u>	<u>12,415,392</u>
Reinsurance premium ceded				
Reinsurance premium ceded	(12,727,391)	(10,147,169)	(5,202,195)	(4,147,337)
Change in unearned premium	<u>928,353</u>	<u>204,457</u>	<u>342,449</u>	<u>90,011</u>
	<u>(11,799,038)</u>	<u>(9,942,712)</u>	<u>(4,859,746)</u>	<u>(4,057,326)</u>
Net insurance premium revenue	<u>24,617,965</u>	<u>19,394,643</u>	<u>11,667,773</u>	<u>8,358,066</u>

9. Basic earnings per share

	Six month period ended June 30,		Three month period ended June 30,	
	2008	2007	2008	2007
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period (in AED)	9,209,953	18,393,950	7,040,555	15,034,614
Number of shares	140,000,000	140,000,000	140,000,000	140,000,000
Basic earnings per share (in AED)	0.07	0.13	0.05	0.11

Notes to the Interim Financial Information (continued)
For the six month period ended June 30, 2008

10. Cash and cash equivalents

	June 30,	
	2008	2007
	Unaudited	Unaudited
	AED	AED
Bank balances and cash	13,909,157	45,925,600
Fixed deposits under lien	(8,500,000)	(8,500,000)
	5,409,157	37,425,600
	=====	=====

11. Related party transactions

Transactions:

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

	Six month period		Three month period	
	ended June 30,		ended June 30,	
	2008	2007	2008	2007
	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED
Premium written	588,125	172,202	134,902	130,808
Management expenses (net)	1,529,752	1,074,360	469,738	262,819
Premiums written through a related party broker	5,046,706	4,794,103	1,860,987	1,605,845
Commission paid	593,558	574,135	198,881	176,162
Directors' and key management personnel remuneration including benefits	1,749,255	1,049,193	405,855	216,946
Claims paid	22,193	53,741	4,438	41,952
Claims paid through a related party broker	628,760	76,526	369,104	66,478
Purchase of property and equipment	-	7,739,024	-	2,393,137

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

Notes to the Interim Financial Information (continued)
For the six month period ended June 30, 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

	June 30, 2008	December 31,
	Unaudited	2007
	AED	Audited
		AED
Commitments:		
Commitments for acquisition of investment property	10,112,431	14,328,454
Letters of guarantees	8,573,700	9,333,290

14. Approval of interim financial information

The interim financial information were approved for issue on July 28, 2008.

15. Comparative amounts

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