

**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, 2010**

**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, 2010**

Table of Contents

	<u>Page</u>
Report on Review of Interim Financial Information	1
Condensed Statement of Financial Position	2
Condensed Statement of Income	3
Condensed Statement of Comprehensive Income	4
Condensed Statement of Changes in Equity	5
Condensed Statement of Cash Flows	6
Notes to the Interim Financial Information	7 - 16



Ref: 32608FS10-Mar

Report on Review of Interim Financial Information

The Board of Directors
Arabian Scandinavian Insurance Company P.L.C.
Dubai
United Arab Emirates

Deloitte & Touche (M.E.)
Corniche Plaza II, Suite 701
P.O. Box 5470, Sharjah
United Arab Emirates
Tel : +971(6) 574 1052
Fax: +971(6) 574 1053
www.deloitte.com

Introduction

We have reviewed the accompanying condensed statement of financial position of **Arabian Scandinavian Insurance Company P.L.C., Dubai, United Arab Emirates**, as of March 31, 2010 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.

Sharjah
April 25, 2010

For Deloitte & Touche

Saba Y. Sindaha
Partner
(Registration No. 410)

Condensed Statement of Financial Position
At March 31, 2010
(In Arab Emirates Dirhams)

	<u>Notes</u>	March, 31, 2010 Unaudited	December 31, 2009 Audited
ASSETS			
Non-current assets			
Property and equipment	5	256,686	294,346
Investment property	6	203,210,816	203,069,216
Available-for-sale investments	7	<u>52,618,524</u>	<u>52,193,990</u>
Total non-current assets		<u>256,086,025</u>	<u>255,557,552</u>
Current assets			
Re-insurance contract assets	8	18,521,775	16,610,207
Insurance and other receivables	9	24,022,285	13,440,580
Due from related parties	10	8,162,921	7,731,450
Investments held for trading	7	4,899,823	21,616,516
Bank balances and cash	11	<u>20,057,319</u>	<u>29,058,865</u>
Total current assets		<u>75,664,123</u>	<u>88,457,618</u>
Total Assets		<u>331,750,148</u>	<u>344,015,170</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	140,000,000	140,000,000
Statutory reserve		42,688,525	42,688,525
General reserve		34,798,325	34,798,325
Cumulative change in fair value		(8,746,308)	(13,763,857)
Retained earnings		<u>48,524,262</u>	<u>59,623,675</u>
Total Equity		<u>257,264,804</u>	<u>263,346,668</u>
Non-current liabilities			
Provision for employees' end of service indemnity	13	<u>1,409,675</u>	<u>1,369,941</u>
Current liabilities			
Insurance contract liabilities	8	42,846,426	42,163,818
Insurance and other payables	14	30,229,243	37,123,318
Due to related parties	10	<u>-</u>	<u>11,425</u>
Total current liabilities		<u>73,075,669</u>	<u>79,298,561</u>
Total Liabilities		<u>74,485,344</u>	<u>80,668,502</u>
Total Equity and Liabilities		<u>331,750,148</u>	<u>344,015,170</u>

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 three month period ended March 31, 2010
(In Arab Emirates Dirhams)

	Notes	Three month period ended March 31, 2010 Unaudited	Three month period ended March 31, 2009 Unaudited
Insurance premium revenue	11	17,670,991	18,393,364
Insurance premium ceded to re-insurers	11	(8,532,467)	(7,194,158)
Net insurance premium revenue	11	9,138,524	11,199,206
Gross claims incurred		(7,220,911)	(10,095,846)
Insurance claims recovered from re-insurers		2,914,288	4,884,784
Net claims incurred		(4,306,623)	(5,211,062)
Gross commission earned		1,896,406	2,458,892
Less: commission incurred		(1,416,861)	(1,164,159)
Net commission earned		479,545	1,294,733
Underwriting profit		5,311,446	7,282,877
General and administrative expenses relating to underwriting activities		(3,403,961)	(2,583,946)
Net underwriting profit		1,907,485	4,698,931
Investment income		1,676,577	5,142,349
Other income		16,524	163,258
Profit for the period		3,600,586	10,004,538
		=====	=====
Basic earnings per share	12	0.03	0.07
		=====	=====

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

Condensed Statement of Comprehensive Income
For the three month period ended March 31, 2010
(In Arab Emirates Dirhams)

	Three Month Period	
	Ended March 31,	
	2010	2009
	Unaudited	Unaudited
Profit for the period	3,600,586	10,004,538
Other comprehensive income		
Net gain on revaluation of available-for-sale investments	1,373,729	969,271
Reclassification adjustment relating to available-for-sale investments impaired during the period	3,109,815	257,908
Reclassification adjustment relating to available-for-sale investments disposed of during the period	534,005	-
Board of Directors' remuneration paid	(700,000)	-
Total comprehensive income for the period	7,918,135	11,231,717
	=====	=====

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

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

5

Condensed Statement of Changes in Equity
For the three month period ended March 31, 2010
(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Cummulative change in fair value</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at December 31, 2008 (Audited)	<u>140,000,000</u>	<u>40,759,753</u>	<u>32,869,553</u>	(27,342,414)	<u>44,193,498</u>	<u>230,480,390</u>
Profit for the period	-	-	-	-	10,004,538	10,004,538
Other comprehensive income for the period	-	-	-	1,227,179	-	1,227,179
Total comprehensive income for the period	-	-	-	1,227,179	10,004,538	11,231,717
Balance at March 31, 2009 (Unaudited)	<u>140,000,000</u>	<u>40,759,753</u>	<u>32,869,553</u>	(26,115,235)	<u>54,198,036</u>	<u>241,712,107</u>
	=====	=====	=====	=====	=====	=====
Balance at December 31, 2009 (Audited)	<u>140,000,000</u>	<u>42,688,525</u>	<u>34,798,325</u>	(13,763,857)	<u>59,623,675</u>	<u>263,346,668</u>
Profit for the period	-	-	-	-	3,600,586	3,600,586
Other comprehensive income	-	-	-	5,017,549	-	5,017,549
Board of Directors' remuneration paid	-	-	-	-	(700,000)	(700,000)
Total comprehensive income for the period	-	-	-	5,017,549	2,900,586	7,918,135
Dividend paid (Note 14)	-	-	-	-	(14,000,000)	(14,000,000)
Balance at March 31, 2010 (Unaudited)	<u>140,000,000</u>	<u>42,688,525</u>	<u>34,798,325</u>	(8,746,308)	<u>48,524,261</u>	<u>257,264,803</u>
	=====	=====	=====	=====	=====	=====

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, 2010
(In Arab Emirates Dirhams)

	Three Month Period	
	Ended March 31,	
	2010	2009
	Unaudited	Unaudited
Cash flows from operating activities		
Profit for the period	3,600,586	10,004,538
Adjustments for:		
Increase in reinsurance contract assets	(1,911,568)	(2,357,613)
Increase in insurance contract liabilities	682,608	749,839
Depreciation of property and equipment	38,260	39,055
Unrealised loss on investments held for trading	320,704	15,671
Impairment losses on available-for-sale investments	3,109,815	257,908
Other investment revenues	(5,107,096)	(5,415,928)
Provision for employees' end of service indemnity	42,492	40,116
Operating cash flows before movements in working capital	775,801	3,333,586
Increase in insurance and other receivables	(10,581,705)	(384,081)
Increase in due from related parties	(431,471)	(6,910,186)
Decrease in insurance and other payables	(6,894,073)	(2,308,950)
Decrease in due to related parties	(11,425)	-
Cash used in operations	(17,142,873)	(6,269,631)
Employees' end of service indemnity paid	(2,758)	-
Net cash used in operating activities	(17,145,631)	(6,269,631)
Cash flows from investing activities		
Purchase of investment property	(141,600)	-
Purchase of property and equipment	(600)	(1,205,927)
Purchase of investments in securities	(37,639,339)	(5,818,409)
Proceeds from sale of investments in securities	56,284,163	16,819,345
Income from investment property	4,151,134	4,095,354
Dividend received	190,327	84,856
Net cash generated from investing activities	22,844,085	13,975,219
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)/increase in cash and cash equivalents	(9,001,546)	7,705,588
Cash and cash equivalents at the beginning of the period	18,058,865	5,662,112
Cash and cash equivalents at the end of the period (Note 13)	9,057,319	13,367,700
	=====	=====

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

Notes to the Interim Financial Information
For the three month period ended March 31, 2010

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. 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, 2009. In addition, results for the three month period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2010.

(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, 2009.

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2010

2. Basis of preparation (continued)

(b) Insurance and financial risk management

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, 2009.

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 2009. The Company has adopted new standards, amendments to standards, new interpretations and amendments to Interpretations which are effective for the annual periods beginning on or after January 1, 2010 in this interim financial information. The adoption of these standards and interpretations has not had material impact on the Company's accounting policies.

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:

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 reporting date. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss.

Investment in securities

Investment of the Company are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of 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 "at fair value through profit or loss" (FVTPL) or as available-for-sale (AFS).

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2010

3. Accounting policies (continued)

Financial assets at FVTPL (continued)

A financial asset is classified as 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 a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'investment and other income/loss' line item in the statement of income.

AFS financial assets

Listed shares held by the Company that are traded in an active market are classified as being AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but are also classified as AFS financial assets and stated at fair value because Management considers that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative change in fair value with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative change in fair value is reclassified to profit or loss.

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2010

3. Accounting policies (continued)

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.

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 184,716,877 (2009: AED 184,575,277) is registered in the name of a Director in trust and for the benefit of the Company.

6. Available-for-sale investments/investments held for trading

Available-for-sale investments/investments held for trading are held in listed entities in U.A.E.

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2010

7. Statutory deposit

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

	March 31, 2010	December 31,
	Unaudited AED	2009 Audited AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	16,213,673	16,123,761
Claims incurred but not reported	3,600,000	3,600,000
Unearned premiums	<u>23,032,753</u>	<u>22,440,057</u>
Total insurance contract liabilities, gross	<u>42,846,426</u>	<u>42,163,818</u>
Recoverable from reinsurers		
Claims reported unsettled	10,065,340	9,044,537
Unearned premiums	<u>8,456,435</u>	<u>7,565,670</u>
Total reinsurers' share of insurance liabilities	<u>18,521,775</u>	<u>16,610,207</u>
Net		
Claims reported unsettled	6,148,333	7,079,224
Claims incurred but not reported	3,600,000	3,600,000
Unearned premiums	<u>14,576,318</u>	<u>14,874,387</u>
	<u>24,324,651</u>	<u>25,553,611</u>
	=====	=====

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2010

9. Bank balances and cash

	March 31, 2010	December 31,
	Unaudited	Audited
	AED	AED
Cash on hand	28,454	10,664
Bank balances:		
Current accounts	5,809,830	14,939,623
Call accounts	222,967	222,967
Fixed deposits	<u>3,996,068</u>	<u>3,885,611</u>
	10,057,319	19,058,865
	=====	=====

Fixed deposits amounting to AED 1,000,000 (December 31, 2009: AED 1,000,000) are under lien against the credit facility granted to the Company.

Bank balances and cash represents:

	March 31, 2010	December 31,
	Unaudited	Audited
	AED	AED
Within U.A.E.	9,886,162	18,887,708
Outside U.A.E.	<u>171,157</u>	<u>171,157</u>
	10,057,319	19,058,865
	=====	=====

10. Share capital

	March 31, 2010	December 31,
	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, 2010

11. Net insurance premium revenue

	Three Month Period Ended March 31,	
	2010	2009
	Unaudited	Unaudited
	AED	AED
Gross premium written		
Gross premium written	18,263,687	16,749,675
Change in unearned premium	(592,696)	1,643,689
	17,670,991	18,393,364
Reinsurance premium ceded		
Reinsurance premium ceded	(9,423,232)	(7,161,952)
Change in unearned premium	890,765	(32,206)
	(8,532,467)	(7,194,158)
Net insurance premium revenue	9,138,524	11,199,206
	=====	=====

12. Basic earnings per share

	Three Month Period Ended March 31,	
	2010	2009
	Unaudited	Unaudited
Profit for the period (in AED)	3,600,586	10,004,538
	=====	=====
Number of shares	140,000,000	140,000,000
	=====	=====
Basic earnings per share (in AED)	0.03	0.07
	=====	=====

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2010

13. Cash and cash equivalents

	March 31,	
	2010	2009
	Unaudited	Unaudited
	AED	AED
Bank balances and cash	10,057,319	14,367,700
Fixed deposits under lien	(1,000,000)	(1,000,000)
	9,057,319	13,367,700
	=====	=====

14. Dividends

At the annual general meeting held March 3, 2010, the Shareholders approved a cash dividend of 10% amounting to AED 14,000,000 for 2009 (Nil for 2008).

15. Related party transactions

Transactions:

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

	Three Month Period	
	Ended March 31,	
	2010	2009
	Unaudited	Unaudited
	AED	AED
Premium written	358,839	421,509
Management expenses (net)	1,105,156	1,109,778
Premiums written through a related party broker	3,971,148	3,256,409
Commission paid	471,357	363,051
Directors' and key management personnel remuneration including benefits	660,942	293,065
Board of Directors remuneration	700,000	-
Claims paid	4,308	6,413
Claims paid through a related party broker	35,093	35,664

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, 2010

16. Segment information

	<u>Underwriting</u> <u>March 31</u> <u>2010</u> <u>Unaudited</u> <u>AED</u>	<u>Investments</u> <u>March 31</u> <u>2010</u> <u>Unaudited</u> <u>AED</u>	<u>Total</u> <u>March 31</u> <u>2010</u> <u>Unaudited</u> <u>AED</u>	<u>Underwriting</u> <u>March 31</u> <u>2009</u> <u>Unaudited</u> <u>AED</u>	<u>Investments</u> <u>March 31</u> <u>2009</u> <u>Unaudited</u> <u>AED</u>	<u>Total</u> <u>March 31</u> <u>2009</u> <u>Unaudited</u> <u>AED</u>
Segment revenue	<u>18,263,687</u>	<u>-</u>	<u>18,263,687</u>	<u>16,749,675</u>	<u>-</u>	<u>16,749,675</u>
Segment result	<u>1,907,485</u>	<u>1,676,577</u>	<u>3,584,062</u>	<u>4,698,931</u>	<u>5,142,349</u>	<u>9,841,280</u>
Unallocated costs (net)			<u>16,524</u>			<u>163,258</u>
Profit for the period			<u>3,600,586</u>			<u>10,004,538</u>
	<u>March 31</u> <u>2010</u> <u>Unaudited</u> <u>AED</u>	<u>March 31</u> <u>2010</u> <u>Unaudited</u> <u>AED</u>	<u>March 31</u> <u>2010</u> <u>Unaudited</u> <u>AED</u>	<u>December 31</u> <u>2009</u> <u>Audited</u> <u>AED</u>	<u>December 31</u> <u>2009</u> <u>Audited</u> <u>AED</u>	<u>December 31</u> <u>2009</u> <u>Audited</u> <u>AED</u>
Segment assets	<u>60,706,981</u>	<u>264,725,231</u>	<u>325,432,212</u>	<u>47,782,237</u>	<u>280,765,333</u>	<u>328,547,570</u>
Unallocated assets	<u>-</u>	<u>-</u>	<u>6,317,937</u>	<u>-</u>	<u>-</u>	<u>15,467,600</u>
Total assets	<u>60,706,981</u>	<u>264,725,231</u>	<u>331,750,149</u>	<u>47,782,237</u>	<u>280,765,333</u>	<u>344,015,170</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Segment liabilities	<u>73,075,671</u>	<u>-</u>	<u>73,075,671</u>	<u>79,298,561</u>	<u>-</u>	<u>79,298,561</u>
Unallocated liabilities	<u>-</u>	<u>-</u>	<u>1,409,675</u>	<u>-</u>	<u>-</u>	<u>1,369,941</u>
Total liabilities	<u>73,075,671</u>	<u>-</u>	<u>74,485,346</u>	<u>79,298,561</u>	<u>-</u>	<u>80,668,502</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

There are no transactions between the business segments.

Notes to the Interim Financial Information (continued)
For the three month period ended March 31, 2010

17. Commitments and contingent liabilities

	March 31, 2010	December 31, 2009
	Unaudited AED	Audited AED
Commitments for acquisition of investment property	1,538,783	1,680,383
Letters of guarantees	11,120,955	11,073,700

18. Approval of interim financial information

The interim financial information were approved and authorised for issue on April 25, 2010.