Dated : 6th August 2013

Directors' Report
For the Half Year Ended 30th June 2013

The Board of Directors is pleased to present the half yearly unaudited results for the period ended 30th June 2013.

- The gross premium written increased in the half year ended 30th June 2013 by 73% to AED 100.030 Million as compared to AED 57.867 Million in the same period last year.

- The net underwriting income also rose in the half year ended 30th June 2013 by 24% to AED 15.235 Million as compared to AED 12.301 Million as of June 2012.

- The company achieved net profit of AED 17.249 Million for the half year ended 30th June 2013 compared to AED 14.157 Million in the same period last year.

Mohammed Khalaf Al Habtoor
Managing Director

Sunil.

Grant Thornton

Dubai National Insurance & Reinsurance (P.S.C)

Dubai - United Arab Emirates

Condensed Interim Financial Statements
(Un-audited)

For the period ended June 30, 2013

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Grant Thornton

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Review report of the independent auditor
to the shareholders of Dubai National Insurance & Reinsurance (P.S.C)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dubai National Insurance & Reinsurance (P.S.C) (the "Company") as of June 30, 2013 and the related condensed interim income statement, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 condensed interim financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Grant Thornton

Grant Thornton
Farouk Mohamed
Insurance Registration No: 54

Dubai, United Arab Emirates
Date: August 6, 2013

Dubai National Insurance & Reinsurance (P.S.C)
Condensed Interim Financial Statements

Condensed Interim Statement of Financial Position
as at June 30, 2013

	Notes	(Un-audited) June 30, 2013 AED'000	(Audited) December 31, 2012 AED'000
Assets			
Non-current			
Statutory deposits	4	10,268	10,268
Property and equipment		701	1,055
Investment properties	5	86,072	86,988
		97,041	98,311
Current			
Financial assets at fair value through other comprehensive income	6	164,891	118,562
Insurance receivables		39,634	35,228
Other receivables		3,331	2,382
Due from related parties	7	20,234	15,342
Re-insurers' contract assets		111,410	95,068
Cash and cash equivalents	8	33,263	31,304
		372,763	297,886
Total assets		469,804	396,197
Equity and liabilities			
Equity			
Share capital		115,500	115,500
Legal reserve		57,448	57,448
Obligatory reserve		28,875	28,875
General reserve		220,000	220,000
Retained earnings		23,997	29,851
Fair value reserve on financial assets at fair value through other comprehensive income		(214,603)	(260,932)
Total equity		231,217	190,742
Liabilities			
Non-current			
Employees' end-of-service benefits		2,377	2,116
Current			
Insurance contract provisions		170,615	142,702
Insurance payables		50,137	42,705
Other payables		13,165	13,721
Due to related parties	7	2,293	4,211
		236,210	203,339
Total liabilities		238,587	205,455
Total equity and liabilities		469,804	396,197

These condensed interim financial statements were approved by the Board of Directors on August 6, 2013 and signed on their behalf by:

Mohammed Khalaf Al Habtoor
Managing Director

Sultan Ahmed Al Habtoor
Vice Chairman

The notes from 1 to 13 form an integral part of these condensed interim financial statements.

Condensed Interim Income Statement
for the period ended June 30, 2013

	(Un-audited) 6 months ended June 30, 2013 AED'000	(Un-audited) 6 months ended June 30, 2012 AED'000	(Un-audited) 3 months ended June 30, 2013 AED'000	(Un-audited) 3 months ended June 30, 2012 AED'000
Gross premium	100,030	57,867	41,392	27,470
Reinsurance share of premium	(58,783)	(36,675)	(23,680)	(17,774)
Net premium	41,247	21,192	17,712	9,696
Net transfer (to)/ from unearned premium	(11,853)	(1,292)	(2,373)	1,163
Net premium earned	29,394	19,900	15,339	10,859
Commission earned	7,807	6,507	4,137	3,314
Commission paid	(9,134)	(5,606)	(4,302)	(2,905)
Others	2,334	1,129	1,701	462
Gross underwriting income	30,401	21,930	16,875	11,730
Gross claims paid	41,516	27,170	24,420	11,427
Reinsurance share	(26,068)	(15,537)	(15,870)	(6,221)
Net claims paid	15,448	11,633	8,550	5,206
Provision for outstanding claims and technical provisions	(5,557)	(6,086)	(2,946)	(2,124)
Reinsurance share of outstanding claims	5,274	4,082	3,745	915
Net claims incurred	15,165	9,629	9,349	3,997
Net underwriting income	15,236	12,301	7,526	7,733
Income from investment - net	6,850	5,830	2,610	2,503
Income from investment properties - net	4,884	5,495	2,435	2,749
Other income	148	-	148	-
Gross income	27,118	23,626	12,719	12,985
General and administrative expenses	(9,869)	(9,469)	(5,016)	(4,923)
Net profit for the period	17,249	14,157	7,703	8,062
Earnings per share:				
Basic and diluted (note 9)	AED 0.15	AED 0.12	AED 0.07	AED 0.07

The notes from 1 to 13 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Comprehensive Income
for the period ended June 30, 2013

	(Un-audited) 6 months ended June 30, 2013 AED'000	(Un-audited) 6 months ended June 30, 2012 AED'000	(Un-audited) 3 months ended June 30, 2013 AED'000	(Un-audited) 3 months ended June 30, 2012 AED'000
Net profit for the period	17,249	14,157	7,703	8,062
Other comprehensive income:				
Net unrealized profit/(loss) on investments	46,329	675	19,168	(8,841)
Translation of operating assets and liabilities of overseas branch	(3)	4	-	2
Other comprehensive income/(loss) for the period	46,326	679	19,168	(8,839)
Total comprehensive Income/(loss) for the period	63,575	14,836	26,871	(777)

The notes from 1 to 13 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Changes in Equity
for the period ended June 30, 2013

	Share capital AED'000	Legal reserve AED'000	Obligatory reserve AED'000	General reserve AED'000	Fair value reserve on financial assets at fair value through other comprehensive income AED'000	Retained earnings AED'000	Total equity AED'000
Balance at January 1, 2012 (Audited)	110,000	54,537	27,500	220,000	(274,417)	28,927	166,547
Profit for the period	-	-	-	-	-	14,157	14,157
Other comprehensive income for the period	-	-	-	-	675	4	679
Balance at June 30, 2012 (Un-audited)	110,000	54,537	27,500	220,000	(273,742)	43,088	181,383
Dividend paid	-	-	-	-	-	(16,500)	(16,500)
Bonus share issue	5,500	-	-	-	-	(5,500)	-
Directors' remuneration	-	-	-	-	-	(1,905)	(1,905)
Transfer to legal reserve	-	2,911	-	-	-	(2,911)	-
Transfer to obligatory reserve	-	-	1,375	-	-	(1,375)	-
Transactions with owners	5,500	2,911	1,375	-	-	(28,191)	(18,405)
Profit for the period	-	-	-	-	12,810	14,956	27,766
Other comprehensive income:							
Branch adjustments	-	-	-	-	-	(2)	(2)
Balance at December 31, 2012 (Audited)	115,500	57,448	28,875	220,000	(260,932)	29,851	190,742
Dividend paid (note 12)	-	-	-	-	-	(23,100)	(23,100)
Transactions with owners	-	-	-	-	-	(23,100)	(23,100)
Profit for the period	-	-	-	-	-	17,249	17,249
Other comprehensive income for the period	-	-	-	-	46,329	(3)	46,326
Balance at June 30, 2013 (Un-audited)	115,500	57,448	28,875	220,000	(214,603)	23,997	231,217

The notes from 1 to 13 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Cash Flows
for the period ended June 30, 2013

	(Un-audited) 6 months ended June 30, 2013 AED'000	(Un-audited) 6 months ended June 30, 2012 AED'000
Cash flows from operating activities		
Net profit for the period	17,249	14,157
Adjustments for:		
Depreciation on property and equipment	430	509
Depreciation on investment properties	916	921
Net movement in employees' end-of-service benefits	261	108
Net movement in technical provisions	-	1,008
Provision for outstanding claims	27,913	(5,803)
Reinsurers' share of outstanding claims	(16,342)	4,082
Dividend and interest on long-term deposits	(6,850)	(5,830)
Income from investment properties	(5,800)	(6,416)
Gain on sale of property and equipment	(148)	-
Operating profit before changes in working capital	17,629	2,736
Changes in working capital		
Insurance receivables	(4,406)	18,372
Other receivables	(949)	(616)
Insurance and other payables	6,876	5,044
Due (to) / from related parties – net	(6,810)	(18,154)
Net cash generated from operating activities	12,340	7,382
Cash flows from investing activities		
Purchase of property and equipment	(134)	(180)
Dividend and interest on long-term deposits	6,850	5,830
Income from investment property	5,800	6,416
Proceeds from sale of property and equipment	206	-
Net cash generated from investing activities	12,722	12,066
Cash flows from financing activity		
Dividend paid	(23,100)	(16,500)
Net cash used in financing activity	(23,100)	(16,500)
Net change in cash and cash equivalents	1,962	2,948
Cash and cash equivalents, beginning of period	31,304	11,223
Difference in exchange on cash and cash equivalents	(3)	4
Cash and cash equivalents, end of period	33,263	14,175

The notes from 1 to 13 form an integral part of these condensed interim financial statements.

Notes to the condensed interim financial statements (Un-audited)
for the period ended June 30, 2013

1 Legal status and activities

Dubai National Insurance & Reinsurance (P.S.C) (the "Company") is a public shareholding company incorporated in Dubai on January 6, 1992 with an overseas branch in Beirut, Lebanon.

The Company is engaged in insurance and reinsurance of all classes of business in accordance with the provisions of the UAE Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organization of the Insurance Operations relating to insurance companies and insurance agents.

The registered address of the Company is Dubai National Insurance Building, Floor 7 & 9, Port Saeed, P.O. Box 1806, Dubai, U.A.E.

The overseas branch in Beirut is in the process of being wound down. Accordingly, the related license as required by local regulations has been terminated. The related guarantee is blocked with the Ministry of Economic & Commerce, Insurance Affairs Department in Lebanon until it meets all its obligations, as published in the official gazette in April 2004. The branch has no operations and the total expenses and assets of the branch are not material to these financial statements. Hence, these financial statements do not separately disclose the expenses, assets, liabilities and cash flows for the discontinued operations of the branch.

2 General information and basis of preparation

The condensed interim financial statements are for the six months ended June 30, 2013 and are presented in Arab Emirate Dirham (AED), which is the functional currency of the Company. They have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the financial statements for the year ended December 31, 2012.

3 Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended December 31, 2012, except for the application of the following standards as of January 1, 2013:

a) Changes in the accounting policies

IFRS 13 Fair Value Measurement

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013.

Further, certain amendments to existing IFRS have been adopted by the Company:

- IAS 1 Presentation of Financial Statements- Amendment
- IAS 32 Financial Instruments: Presentation- Amendment
- IFRS 7 Financial Instruments: Disclosures – Amendment

3 Significant accounting policies (continued)

Annual Improvements 2009-2011

The Annual Improvements made minor amendments to a number of IFRSs. The only amendment that affects these financial statements clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed in interim financial statements if this information is regularly provided to the chief operating decision maker and there has been a material change since the most recent annual financial statements. As a result of this amendment the segment information in note 10 now includes total liabilities as well as total assets.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

Investments in equity securities are classified as FVTOCI. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading. They are initially recognised at fair value plus transaction costs.

After initial recognition, securities are measured at fair value, with unrealised gains or losses reported within the fair value reserve on investments at FVTOCI, and shown as part of shareholders' equity until the investment is derecognised. When the investment is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement, but is reclassified to retained earnings.

c) Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Outstanding claims and technical provisions

The estimation of the ultimate liability (both technical and outstanding) arising from claims made under insurance contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events.

Classification of investment property

The Company makes judgement to determine whether a property qualifies as investment property and follows the guidance of IAS 40 'Investment Property' to consider whether any owner occupied property is not significant and is classified accordingly as investment property.

Provision for doubtful debts

Management reviews the provision for doubtful debts at each reporting date by assessing the recoverability of insurance receivables.

Notes to the condensed interim financial statements (Un-audited) for the period ended June 30, 2013

4 Statutory deposits

	(Un-audited) June 30, 2013 AED'000	(Audited) December 31, 2012 AED'000
Held with a local bank in Dubai	10,000	10,000
Held with a bank outside UAE	268	268
	10,268	10,268

Statutory deposit held with a local bank in Dubai, UAE represents deposits held under a lien in favour of the Ministry of Economy and Planning in accordance with Article 42 of Federal Law No. (6)of 2007 on Establishment of the Insurance Authority and Organization of the Insurance Operations, relating to insurance companies and brokers. The deposit cannot be withdrawn without prior approval from the Ministry of Economy and Planning.

Statutory deposits held outside UAE represent a restricted fixed deposit in favour of the Ministry of Economy & Commerce, Government of Lebanon, as per Law No. 31/91 of Insurance companies held under lien by bank against guarantees issued.

5 Investment properties

Within U.A.E:	(Un-audited) June 30, 2013 AED'000	(Audited) December 31, 2012 AED'000
Cost at the beginning of the period	105,721	105,721
Accumulated depreciation	(19,649)	(18,733)
Written down value at the end of the period	86,072	86,988

6 Financial assets at fair value through other comprehensive income

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

6 Financial assets at fair value through other comprehensive income (continued)

	Note	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
June 30, 2013					
Investment in quoted securities	(a)	140,045	-	-	140,045
Investment in unquoted securities*	(b)	-	-	24,846	24,846
		140,045	-	24,846	164,891
December 31, 2012					
Investment in quoted securities	(a)	93,716	-	-	93,716
Investment in unquoted securities*	(b)	-	-	24,846	24,846
		93,716	-	24,846	118,562

*The title of the unquoted securities is held by related parties for the beneficial interest of the Company.

(a) Fair values have been determined by reference to their quoted prices at the reporting date.

(b) Unquoted securities as at December 31, 2012 were fair valued by an independent valuer based on the Net Assets Value as of the latest available financial statements of the investees', i.e. December 31, 2011 (2011: based on Net Assets Value as of the financial statements as on December 31, 2010). Management believes that there is no significant deterioration in the value of the unquoted investments during the period ended June 30, 2013 (June 30, 2012: Nil).

7 Related parties

Details of related party balances are as follows:

	(Un-audited) June 30, 2013 AED'000	(Audited) December 31, 2012 AED'000
Due from related parties		
Al Habtoor Leighton LLC	7,762	6,679
Diamond Lease L.L.C	4,450	6,417
Other Habtoor Group companies	8,022	2,246
	20,234	15,342
Due to related parties		
Due to investor:		
Al Habtoor Motors Co L.L.C	2,272	4,150
Others:		
Al Habtoor Group companies	21	61
	2,293	4,211

**Notes to the condensed interim financial statements (Un-audited)
for the period ended June 30, 2013**

7 Related parties (continued)

Related party transactions

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in IFRS.

The following are the details of significant transactions with related parties:

	(Un-audited) 6 months ended June 30, 2013 AED'000	(Un-audited) 6 months ended June 30, 2012 AED'000
Premiums written	39,318	22,370
Claims paid	14,558	5,029
Commission paid	2,091	785
Agency repairs	11,939	7,484

8 Cash and cash equivalents

	(Un-audited) June 30, 2013 AED'000	(Audited) December 31, 2012 AED'000
Cash in hand and at banks	33,263	31,304

(a) Cash at banks includes approximately AED 0.480 million (2012: AED 0.3 million) converted from Lebanese Lira (LL).

(b) Cash at banks includes short term deposits with local banks carrying interest ranging from 0.75% - 2.11% (December 31, 2012: 0.8% - 2.5%).

Notes to the condensed interim financial statements (Un-audited)
for the period ended June 30, 2013

9 Earnings per share

Basic and diluted

	(Un-audited) 6 months ended June 30, 2013	(Un-audited) 6 months ended June 30, 2012	(Un-audited) 3 months ended June 30, 2013	(Un-audited) 3 months ended June 30, 2012
Earnings (AED'000):				
Net profit for the period	17,249	14,157	7,703	8,062
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings per share	115,500,000	115,500,000	115,500,000	115,500,000
Earnings per share (AED):				
Basic and diluted*	0.15	0.12	0.07	0.07

* These figures are rounded off

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

10 Segment information

The Company operates two main business segments: Underwriting and Investments.

Underwriting segment is further classified into General Insurance and Life & Health Insurance.

Investments segment comprises Investment Property and Investment at FVTOCI. The Life insurance provided by the Company is for a period of 12 months and does not include any investment portion.

	6 months ended June 30, 2013 AED '000			6 months ended June 30, 2012 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	100,030	-	100,030	57,867	-	57,867
Segment result	15,384	11,734	27,118	12,301	11,325	23,626
Unallocated administrative cost	-	-	(9,869)	-	-	(9,469)
Net profit for the period	-	-	17,249	-	-	14,157

Notes to the condensed interim financial statements (Un-audited) for the period ended June 30, 2013

10 Segment information (continued)

	June 30, 2013 AED '000			December 31, 2012 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment assets	175,310	250,963	426,273	149,075	205,550	354,625
Unallocated assets	-	-	43,531	-	-	41,572
Total assets	175,310	250,963	469,804	149,075	205,550	396,197
Segment liabilities	235,129	3,458	238,587	202,346	3,109	205,455
Total liabilities	235,129	3,458	238,587	202,346	3,109	205,455

11 Commitments

The Company's bankers have issued in the normal course of business guarantee in favour of third parties amounting to AED 0.3 million (December 31, 2012: AED 0.3 million) which is secured by way of deposits held.

12 Dividend

The Board proposed cash dividend of 20% of paid up capital, AED 23.1 million (AED 0.20 per share) for the year ended December 31, 2012 which was approved at the Annual General Meeting held on March 17, 2013 and paid in April 2013.

13 Change in accounting estimate

In adherence to the recommendation of the UAE Insurance Authority on the calculation of the unearned premium reserves, the Company has changed the estimate used to compute the provision for unearned premium from a flat rate (50% for all other classes except for medical which was already on linear method) in the last year to the linear method computed based on lives of individual contracts with effect from January 1, 2013. If the provision computation had continued as per last year's estimate, the net transfer to unearned premium would have reduced by AED 4.421 million with a corresponding increase in net profit by the same amount.