



Dated : 14th May 2013

Directors' Report
For the First Quarter Ended 31st March 2013

The Board of Directors is pleased to present the unaudited results for the first quarter ended 31st March 2013.

- The gross premium written increased in the first quarter of 2013 by 93% to AED 58.638 Million as compared to AED 30.397 Million in the same period last year.
- The net underwriting income also increased by 69% in the first quarter of 2013 to AED 7.710 Million as compared to AED 4.567 Million as of March 2012.
- The company achieved net profit of AED 9.545 Million in the first quarter of 2013 compared to AED 6.095 Million in the same period last year.

Mohammed Khalaf Al Habtoor
Managing Director





Grant Thornton

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

Dubai - United Arab Emirates

Condensed Interim Financial Statements
(Un-audited)

For the period ended March 31, 2013

Dubai National Insurance & Reinsurance (P.S.C)
Condensed Interim Financial Statements
for the period ended March 31, 2013

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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 March 31, 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 three 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
Farouk Mohamed
Insurance Registration No: 54

Dubai, United Arab Emirates
Date: May 14, 2013

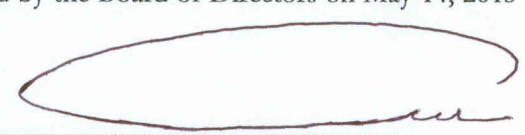
Dubai National Insurance & Reinsurance (P.S.C)
Condensed Interim Financial Statements

Condensed Interim Statement of Financial Position
as at March 31, 2013

	Notes	(Un-audited) March 31, 2013 AED'000	(Audited) December 31, 2012 AED'000
Assets			
Non-current			
Statutory deposits	4	10,268	10,268
Property and equipment		892	1,055
Investment property	5	86,533	86,988
		<u>97,693</u>	<u>98,311</u>
Current			
Financial assets at fair value through other comprehensive income	6	145,722	118,562
Insurance receivables		41,502	35,228
Other receivables		7,315	2,382
Due from related parties	7	24,158	15,342
Re-insurers' contract assets		113,379	95,068
Cash and cash equivalents	8	45,005	31,304
		<u>377,081</u>	<u>297,886</u>
Total assets		<u>474,774</u>	<u>396,197</u>
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		16,293	29,851
Fair value reserve on financial assets at fair value through other comprehensive income		(233,772)	(260,932)
Total equity		<u>204,344</u>	<u>190,742</u>
Liabilities			
Non-current			
Employees' end-of-service benefits		2,240	2,116
Current			
Insurance Contract Provisions		169,411	142,702
Insurance payables		57,895	42,705
Dividend payable		23,100	-
Other payables		13,308	13,721
Due to related parties	7	4,476	4,211
		<u>268,190</u>	<u>203,339</u>
Total liabilities		<u>270,430</u>	<u>205,455</u>
Total equity and liabilities		<u>474,774</u>	<u>396,197</u>

These condensed interim financial statements were approved by the Board of Directors on May 14, 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.

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

Condensed Interim Income Statement
for the period ended March 31, 2013

	(Un-audited) Three months period ended March 31, 2013 AED'000	(Un-audited) Three months period ended March 31, 2012 AED'000
Gross premium	58,638	30,397
Reinsurance share of premium	(35,103)	(18,901)
Net premium	23,535	11,496
Net transfer to unearned premium	(9,480)	(2,455)
Net premium earned	14,055	9,041
Commission earned	3,670	3,193
Commission paid	(4,832)	(2,701)
Others	633	667
Gross underwriting income	13,526	10,200
Gross claims paid	17,096	15,743
Reinsurance share	(10,198)	(9,316)
Net claims paid	6,898	6,427
Provision for outstanding claims and technical provisions	(2,611)	(3,962)
Reinsurance share of outstanding claims	1,529	3,168
Net claims incurred	5,816	5,633
Net underwriting income	7,710	4,567
Income from investments - net	4,240	3,327
Income from investment property - net	2,448	2,746
Gross income	14,398	10,640
General and administrative expenses	(4,853)	(4,545)
Net profit for the period	9,545	6,095
Earnings per share:		
Basic and diluted (note 9)	0.08	0.05

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

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

Condensed Interim Statement of Comprehensive Income
for the period ended March 31, 2013

	(Un-audited) Three months period ended March 31, 2013 AED'000	(Un-audited) Three months period ended March 31, 2012 AED'000
Net profit for the period	9,545	6,095
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net unrealized profit on financial assets at fair value through other comprehensive income	27,160	9,516
Adjustment arising on translation of operating assets and liabilities of overseas branch	(3)	2
Total comprehensive income for the period	36,702	15,613

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

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

Condensed Interim Statement of Changes in Equity
for the period ended March 31, 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
Total comprehensive income for the period	-	-	-	-	9,516	6,097	15,613
Balance at March 31, 2012 (Un-audited)	110,000	54,537	27,500	220,000	(264,901)	35,024	182,160
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	-	-	-	-	3,969	23,016	26,985
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 declared	-	-	-	-	-	(23,100)	(23,100)
Transactions with owners	-	-	-	-	-	(23,100)	(23,100)
Profit for the period	-	-	-	-	-	9,545	9,545
Total comprehensive income for the period	-	-	-	-	27,160	-	27,160
Branch adjustment	-	-	-	-	-	(3)	(3)
Balance at March 31, 2013 (Un-audited)	115,500	57,448	28,875	220,000	(233,772)	16,293	204,344

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

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

Condensed Interim Statement of Cash Flows
for the period ended March 31, 2013

	Notes	(Un-audited) Three months period ended March 31, 2013 AED'000	(Un-audited) Three months period ended March 31, 2012 AED'000
Cash flows from operating activities			
Net profit for the period		9,545	6,095
<i>Adjustments for:</i>			
Depreciation on property and equipment		213	254
Depreciation on investment property		455	461
Net transfer to employees' end-of-service benefits		124	78
Insurance contract provisions		26,709	1,092
Reinsurance contract assets		(18,311)	568
Dividend and interest on long-term deposits		(4,240)	(3,327)
Income from investment property		(2,904)	(3,207)
Operating profit before changes in working capital		11,591	2,014
Changes in working capital			
Insurance receivables		(6,274)	6,486
Other receivables		(4,933)	(3,711)
Insurance payables		15,190	5,261
Other payables		(413)	460
Due to related parties - net		(8,551)	(4,066)
Net cash generated from/(used in) operating activities		6,610	6,444
Cash flows from investing activities			
Purchase of property and equipment		(50)	(123)
Dividend and interest on long-term deposits		4,240	3,327
Income from investment property –net		2,904	3,207
Net cash generated from investing activities		7,094	6,411
Net change in cash and cash equivalents		13,704	12,855
Cash and cash equivalents, beginning of period		31,304	11,223
Difference in exchange on cash and cash equivalents		(3)	2
Cash and cash equivalents, end of period		45,005	24,080

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

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

Condensed Interim Financial Statements

Notes to the condensed interim financial statements (Un-audited) for the period ended March 31, 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 three months ended March 31, 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 31 December 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

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

Notes to the condensed interim financial statements (Un-audited)
for the period ended March 31, 2013

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.

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

Notes to the condensed interim financial statements (Un-audited)
for the period ended March 31, 2013

4 Statutory deposits

	(Un-audited)	(Audited)
	March 31,	December
	2013	31, 2012
	AED'000	AED'000
Held with a local bank in Dubai	10,000	10,000
Held with a bank outside UAE	268	268
	<u>10,268</u>	<u>10,268</u>

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 property

	(Un-audited)	(Audited)
	March 31,	December 31,
	2013	2012
	AED'000	AED'000
Within U.A.E:		
Cost at the beginning of the period	105,721	105,721
Accumulated depreciation	<u>(19,188)</u>	<u>(18,733)</u>
Written down value at the end of the period	<u>86,533</u>	<u>86,988</u>

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)

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

Notes to the condensed interim financial statements (Un-audited)
for the period ended March 31, 2013

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
March 31, 2013					
Investment in quoted securities	(a)	120,876	-	-	120,876
Investment in unquoted securities*	(b)	-	-	24,846	24,846
		120,876	-	24,846	145,722
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 March 31, 2013 (March 31, 2012: Nil).

7 Related parties

Details of related party balances are as follows:

	(Un-audited) March 31, 2013 AED'000	(Audited) December 31, 2012 AED'000
Due from related parties		
Al Habtoor Leighton LLC	18,240	6,679
Diamond Lease L.L.C	2,546	6,417
Other Habtoor Group companies	3,372	2,246
	24,158	15,342
Due to related parties		
Due to investor:		
Al Habtoor Motors Co L.L.C	4,424	4,150
Others:		
Al Habtoor Group companies	52	61
	4,476	4,211

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

Notes to the condensed interim financial statements (Un-audited)
for the period ended March 31, 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) Three months period ended March 31, 2013 AED'000	(Un-audited) Three months period ended March 31, 2012 AED'000
Premiums written	27,945	12,448
Claims paid	3,421	2,417
Commission paid	1,022	250
Agency repairs	5,117	3,955

8 Cash and cash equivalents

	(Un-audited) March 31, 2013 AED'000	(Audited) December 31, 2012 AED'000
Cash in hand and at banks	45,005	31,304

- (a) Cash at banks includes approximately AED 0.3 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 0.8% - 2.11% (December 31, 2012: 0.8% - 2.5%).

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

Notes to the condensed interim financial statements (Un-audited)
for the period ended March 31, 2013

9 Earnings per share

Basic and diluted

	(Un-audited) Three months period ended March 31, 2013	(Un-audited) Three months period ended March 31, 2012
Earnings (AED'000):		
Net profit for the period	9,545	6,095
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	115,500,000	115,500,000
Earnings per share (AED):		
Basic and diluted	0.08*	0.05*

* 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.

	Three months period ended March 31, 2013 AED '000			Three months period ended March 31, 2012 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	58,638	-	58,638	30,397	-	30,397
Segment result	7,710	6,688	14,398	4,567	6,073	10,640
Unallocated administrative cost	-	-	(4,853)	-	-	(4,545)
Net profit for the period	7,710	6,688	9,545	4,567	6,073	6,095

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

Notes to the condensed interim financial statements (Un-audited)
for the period ended March 31, 2013

10 Segment information (continued)

	March 31, 2013 AED '000			December 31, 2012 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment assets	187,246	232,255	419,501	149,075	205,550	354,625
Unallocated assets	-	-	55,273	-	-	41,572
Total assets	187,246	232,255	474,774	149,075	205,550	396,197
Segment liabilities	242,845	4,486	247,331	202,346	3,109	205,455
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	242,845	4,486	247,331	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.

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 (75% for all other classes except for medical which was already on linear method) in the last period 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 1.47 million with a corresponding increase in net profit by the same amount.