Dated : 12th August 2014

Directors' Report
For the Half Year Ended 30th June 2014

The Board of Directors is pleased to present the half yearly unaudited results for the period ended 30th June 2014.

- The gross premium written increased in the half year ended 30th June 2014 by 16.5% to AED 116.522 Million as compared to AED 100.030 Million in the same period last year.
- The net underwriting income also rose in the half year ended 30th June 2014 by 12.2% to AED 17.093 Million as compared to AED 15.236 Million as of June 2013.
- The net profit for the half year 2014 also improved by 22.8% achieving AED 21.177 Million, compared to AED 17.249 Million as of June 2013.

Mohammed Khalaf Al Habtoor
Managing Director

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, 2014

Table of contents

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, 2014 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 are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Grant Thornton

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

Grant Thornton
Farouk Mohamed
Registration No: 86

Dubai, United Arab Emirates
Date: August 12, 2014

Condensed Interim Statement of Financial Position
As at June 30, 2014

	Notes	(Unaudited) June 30, 2014 AED'000	(Audited) December 31, 2013 AED'000
Assets			
Non-current			
Statutory deposits	4	10,268	10,268
Property and equipment		516	593
Investment property	5	84,225	85,141
		95,009	96,002
Current			
Financial assets at fair value through other comprehensive income	6	306,801	228,861
Insurance receivables		37,115	26,738
Other receivables		3,316	2,561
Due from related parties	7	32,409	6,938
Re-insurers' contract assets		128,055	107,693
Cash and cash equivalents	8	46,425	55,265
		554,121	428,056
Total assets		649,130	524,058
Equity and liabilities			
Equity			
Share capital		115,500	115,500
Legal reserve		57,750	57,750
Obligatory reserve		28,875	28,875
General reserve		220,000	220,000
Fair value reserve on financial assets at fair value through other comprehensive income		(72,693)	(150,634)
Retained earnings		32,317	34,242
Total equity		381,749	305,733
Liabilities			
Non-current			
Employees' end-of-service benefits		2,815	2,636
Current			
Insurance contract provisions		188,023	159,144
Insurance payables		52,491	36,779
Other payables		14,122	16,262
Due to related parties	7	9,930	3,504
		264,566	215,689
Total liabilities		267,381	218,325
Total equity and liabilities		649,130	524,058

These condensed interim financial statements were approved by the Board of Directors on August 12, 2014 and signed on their behalf by:

X

Mohammed Khalaf Al Habtoor
Managing Director

Sultan Ahmed Al Habtoor
Vice Chairman

The notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

Condensed Interim Income Statement
For the period ended June 30, 2014

	(Un-audited) Six months period ended June 30, 2014 AED'000	(Un-audited) Six months period ended June 30, 2013 AED'000	(Un-audited) Three months period ended June 30, 2014 AED'000	(Un-audited) Three months period ended June 30, 2013 AED'000
Gross premium	116,522	100,030	49,372	41,392
Reinsurance share of premium	(71,541)	(58,783)	(27,567)	(23,680)
Net premium	44,981	41,247	21,805	17,712
Net transfer to unearned premium	(7,515)	(11,853)	(4,381)	(2,373)
Net premium earned	37,466	29,394	17,424	15,339
Commission earned	8,708	7,807	4,576	4,137
Commission paid	(10,300)	(9,134)	(5,031)	(4,302)
Others	1,139	2,334	667	1,701
Gross underwriting income	37,013	30,401	17,636	16,875
Gross claims paid	42,763	41,516	20,064	24,420
Reinsurance share	(23,847)	(26,068)	(10,562)	(15,870)
Net claims paid	18,916	15,448	9,502	8,550
Provision for outstanding claims and technical provisions	4,315	(5,557)	(2,107)	(2,946)
Reinsurance share of outstanding claims	(3,311)	5,274	1,359	3,745
Net claims incurred	19,920	15,165	8,754	9,349
Net underwriting income	17,093	15,236	8,882	7,526
Income from investments - net	8,787	6,850	3,933	2,610
Income from investment property – net	5,332	4,884	2,626	2,435
Other income	57	148	14	148
Gross income	31,269	27,118	15,455	12,719
General and administrative expenses	(10,092)	(9,869)	(4,941)	(5,016)
Net profit for the period	21,177	17,249	10,514	7,703
Earnings per share:				
Basic and diluted (note 9)	AED 0.18	AED 0.15	AED 0.09	AED 0.07

The notes from 1 to 12 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Comprehensive Income
For the period ended June 30, 2014

	(Un-audited) Six months period ended June 30, 2014 AED'000	(Un-audited) Six months period ended June 30, 2013 AED'000	(Un-audited) Three months period ended June 30, 2014 AED'000	(Un-audited) Three months period ended June 30, 2013 AED'000
Net profit for the period	21,177	17,249	10,514	7,703
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	77,941	46,329	(11,887)	19,168
Adjustment arising on translation of operating assets and liabilities of overseas branch	(2)	(3)	-	-
Other comprehensive income / (loss) for the period	77,939	46,326	(11,887)	19,168
Total comprehensive income / (loss) for the period	99,116	63,575	(1,373)	26,871

The notes from 1 to 12 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Changes in Equity
For the period ended June 30, 2014

	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, 2013 (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	-	-	-	-	-	17,249	17,249
Total comprehensive income for the period	-	-	-	-	46,329	-	46,329
Branch adjustment	-	-	-	-	-	(3)	(3)
Balance at June 30, 2013 (Un-audited)	**115,500**	**57,448**	**28,875**	**220,000**	**(214,603)**	**23,997**	**231,217**
Balance at January 1, 2014 (Audited)	**115,500**	**57,750**	**28,875**	**220,000**	**(150,634)**	**34,242**	**305,733**
Dividend declared	-	-	-	-	-	(23,100)	(23,100)
Transactions with owners	-	-	-	-	-	(23,100)	(23,100)
Profit for the period	-	-	-	-	-	21,177	21,177
Total comprehensive income for the period	-	-	-	-	77,941	-	77,941
Branch adjustment	-	-	-	-	-	(2)	(2)
Balance at June 30, 2014 (Un-audited)	**115,500**	**57,750**	**28,875**	**220,000**	**(72,693)**	**32,317**	**381,749**

The notes from 1 to 12 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Cash Flows
For the period ended June 30, 2014

	Notes	(Un-audited) Six months period ended June 30, 2014 AED'000	(Un-audited) Six months period ended June 30, 2013 AED'000
Cash flows from operating activities			
Net profit for the period		21,177	17,249
Adjustments for:			
Depreciation on property and equipment		192	430
Depreciation on investment property		916	916
Gain on disposal of property & equipment		(57)	(148)
Net transfer to employees' end-of-service benefits		179	261
Insurance contract provisions		28,879	27,913
Reinsurance contract assets		(20,362)	(16,342)
Dividend and interest on long-term deposits		(8,787)	(6,850)
Income from investment property		(5,332)	(5,800)
Operating profit before changes in working capital		16,805	17,629
Changes in working capital			
Insurance receivables		(10,377)	(4,406)
Other receivables		(755)	(949)
Insurance payables		15,712	7,289
Other payables		(2,140)	(413)
Due to related parties – net		(19,045)	(6,810)
Net cash generated from operating activities		200	12,340
Cash flows from investing activities			
Purchase of property and equipment		(115)	(134)
Proceeds from disposal of property & equipment		57	206
Dividend and interest on long-term deposits		8,787	6,850
Income from investment property –net		5,332	5,800
Net cash generated from investing activities		14,061	12,722
Cash flows from financing activity			
Dividend paid		(23,100)	(23,100)
Net cash used in financing activity		(23,100)	(23,100)
Net change in cash and cash equivalents		(8,839)	1,962
Cash and cash equivalents, beginning of period		55,265	31,304
Difference in exchange on cash and cash equivalents		(1)	(3)
Cash and cash equivalents, end of period		46,425	33,263

The notes from 1 to 12 form an integral part of these condensed interim financial statements.

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 and UAE Federal Law No. 8 of 1981.

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 condensed interim financial statements. Hence, these condensed interim 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 period ended June 30, 2014 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, 2013.

3 Significant accounting policies

The condensed 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 2013.

a) Standards, interpretations and amendments to existing standards that are effective in 2014

Certain standards, interpretations and amendments to existing standards, issued by the IASB, that are effective for the accounting period beginning on or after January 1, 2014 are relevant to the Company and have been applied for the first time. The nature and impact of these standards, interpretations and amendments is described below.

IAS 32 Financial Instruments: Presentation – Amendment (effective for accounting period on or after January 1, 2014)

The amendments, to be applied retrospectively, add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off'; and
- the application of simultaneous realisation and settlement.

The amendments have no impact on the interim condensed consolidated financial information of the Company.

3 Significant accounting policies (continued)

a) Standards, interpretations and amendments to existing standards that are effective in 2014 (continued)

IAS 36 Impairment of Assets – Amendment (effective for accounting period on or after January 1, 2014)

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The amendments have no impact on the interim condensed consolidated financial information of the Company.

b) Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

c) 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 securities in 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.

d) 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. Actual results may substantially be different.

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.

3 Significant accounting policies (continued)

d) Critical accounting estimates and judgments in applying accounting policies (continued)

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.

Fair value of unquoted securities
Fair value of unquoted securities has been determined by the management based on Earnings Multiple Technique using observable market data of comparable public entities, certain discount factors and unobservable financial data of these non-public investees. Actual results may substantially be different. Further information on using the estimates is mentioned in note 6.

4 Statutory deposits

	(Un-audited) June 30, 2014 AED'000	(Audited) December 31, 2013 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 property

Within U.A.E:	(Un-audited) June 30, 2014 AED'000	(Audited) December 31, 2013 AED'000
Cost at the beginning of the period	105,721	105,721
Accumulated depreciation	(21,496)	(20,580)
Written down value at the end of the period	84,225	85,141

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); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
June 30, 2014					
Investment in quoted securities	(a)	245,520	-	-	245,520
Investment in unquoted securities*	(b)	-	-	61,281	61,281
		245,520	-	61,281	306,801
December 31, 2013					
Investment in quoted securities	(a)	199,361	-	-	199,361
Investment in unquoted securities*	(b)	-	-	29,500	29,500
		199,361	-	29,500	228,861

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

(b) The Company holds investments in unquoted securities of three entities as at June 30, 2014. Latest financial information for these unquoted investee entities was not available, therefore financial information reported as at December 31, 2013 has been used to fair value these unquoted securities. These investments are fair valued based on Earnings Multiple Technique using observable market data of comparable public entities, certain discount factors and unobservable financial data of these non-public investees as at December 31, 2013. Two of these three unquoted investments were fair valued as at March 31, 2014 based on latest available annual financial information of December 31, 2013. As the quarterly results of these investees are not available, no change in the fair value has been recorded during the quarter ended June 30, 2014. Management was also able to obtain latest financial information of the third unquoted investment during the quarter under review, therefore financial information reported as at December 31, 2013 for this investee has been used to fair value the unquoted securities as at June 30 2014. This has been treated as a significant accounting estimate.

Management believes that there is no significant deterioration in the value of these unquoted investments during the period ended June 30, 2014. All the unquoted securities fall under level 3 of fair value hierarchy therefore use of estimate is significant.

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

7 Related parties

Details of related party balances are as follows:

	(Un-audited) June 30, 2014 AED'000	(Audited) December 31, 2013 AED'000
Due from related parties		
Al Habtoor Leighton LLC	16,978	5,058
Diamondlease	6,187	783
Dubai National Investment Co. LLC	4,502	430
Habtoor Grand Resort & Spa	1,668	488
Other Habtoor Company companies	3,074	179
	32,409	6,938
Due to related parties		
Due to investor:		
Al Habtoor Motors Co L.L.C	9,930	3,331
Others:		
Al Habtoor Company companies	-	173
	9,930	3,504

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) Six months period ended June 30, 2014 AED'000	(Un-audited) Six months period ended June 30, 2013 AED'000
Premiums written	55,154	39,318
Claims paid	4,737	11,131
Commission paid	1,833	2,091
Agency/ Non-agency repairs	14,638	11,939

8 Cash and cash equivalents

	(Un-audited) June 30, 2014 AED'000	(Audited) December 31, 2013 AED'000
Cash in hand and at banks	46,425	55,265

(a) Cash at banks includes approximately AED 0.18 million (2013: AED 0.18 million) converted from Lebanese Lira (LL).

(b) Cash at banks includes short term deposits with local banks carrying interest ranging from 0.5% - 1.25% (December 31, 2013: 0.5% - 1.25%).

9 Earnings per share

Basic and diluted

	(Un-audited) Six months period ended June 30, 2014	(Un-audited) Six months period ended June 30, 2013	(Un-audited) Three months period ended June 30, 2014	(Un-audited) Three months period ended June 30, 2013
Earnings (AED'000):				
Net profit for the period	21,177	17,249	10,514	7,703
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	0.18*	0.15*	0.09*	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 and Health Insurance. Investments segment comprises Investment Property and Financial Assets. The Life insurance provided by the Company is for a period of 12 months and does not include any investment portion.

10 Segment information (continued)

	Six months period ended June 30, 2014 AED '000			Six months period ended June 30, 2013 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	116,522	16,663	133,185	100,030	14,408	114,438
Segment result	17,093	14,176	31,269	15,236	11,882	27,118
Unallocated administrative cost			(10,092)			(9,869)
Net profit for the period			21,177			17,249

	June 30, 2014 AED '000			December 31, 2013 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment assets	201,411	391,026	592,437	144,524	314,001	458,525
Unallocated assets			56,693			65,533
Total assets			649,130			524,058
Segment liabilities	264,603	2,778	267,381	215,908	2,417	218,325
Unallocated liabilities			-			-
Total liabilities			267,381			218,325

11 Commitments and contingencies

The Company's bankers have issued in the normal course of business guarantees in favour of third parties amounting to AED 0.5 million (December 31, 2013: AED 0.5 million).

The Company is subject to litigation in the normal course of its business. Although the ultimate outcome of these claims cannot presently be determined, adequate provisions have been made for any liability that may result, based on management's best estimates.

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, 2013 which was approved at the Annual General Meeting held on March 26, 2014 and paid in April 2014.