

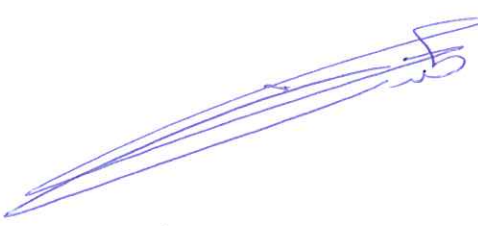


Dated : 12th August 2015

Directors' Report
For the Half Year Ended 30th June 2015

The Board of Directors is pleased to present the half yearly unaudited results for the period ended 30th June 2015.

- The gross premium written for the half year 2015 is AED 118.947 Million compared to AED 116.522 Million in the same period last year.
- The net underwriting income of the half year ended 30th June 2015 is AED 17.652 Million as compared to AED 17.093 Million as of 30th June 2014.
- The net profit for the half year 2015 also improved by 38.4% achieving AED 29.325 Million, compared to AED 21.177 Million as of June 2014.


Mohammed Khalaf Al Habtoor
Managing Director



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

Dubai - United Arab Emirates

Condensed Interim Financial Statements
(Un-audited)

For the period ended June 30, 2015

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Statements
For the period ended June 30, 2015

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

Introduction

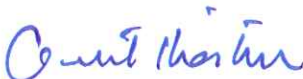
We have reviewed the accompanying condensed interim statement of financial position of Dubai National Insurance & Reinsurance (P.S.C.) (the "Company") as of June 30, 2015 and the related condensed interim income statement, the condensed interim statement of comprehensive income, the condensed interim 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 fair 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
Farouk Mohamed
Registration No: 86

Dubai, United Arab Emirates
Date: August 12, 2015

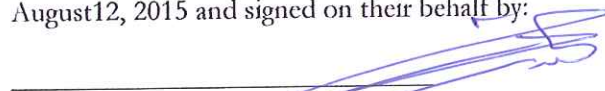


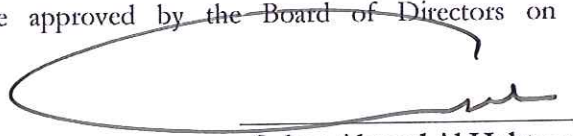
Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Statements

Condensed Interim Statement of Financial Position
As at June 30, 2015

	Notes	(Unaudited) June 30, 2015 AED'000	(Audited) December 31, 2014 AED'000
Assets			
Non-current			
Statutory deposits	4	10,268	10,268
Property and equipment		731	787
Investment property	5	82,378	83,294
		<u>93,377</u>	<u>94,349</u>
Current			
Financial assets at fair value through other comprehensive income	6	343,319	335,482
Insurance receivables		39,972	37,491
Other receivables		2,227	1,990
Due from related parties	7	24,401	5,745
Re-insurers' contract assets		120,270	115,001
Cash and cash equivalents	8	81,021	73,314
		<u>611,210</u>	<u>569,023</u>
Total assets		<u>704,587</u>	<u>663,372</u>
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		46,126	38,289
Accumulated losses		(31,527)	(37,751)
Total equity		<u>436,724</u>	<u>422,663</u>
Liabilities			
Non-current			
Employees' end-of-service benefits		3,341	3,039
Current			
Insurance contract provisions		185,962	168,971
Insurance payables		51,922	40,541
Other payables		21,268	22,198
Due to related parties	7	5,370	5,960
		<u>264,522</u>	<u>237,670</u>
Total liabilities		<u>267,863</u>	<u>240,709</u>
Total equity and liabilities		<u>704,587</u>	<u>663,372</u>

These condensed interim financial statements were approved by the Board of Directors on August 12, 2015 and signed on their behalf by:


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.

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

Condensed Interim Income Statement
For the period ended June 30, 2015

	(Un-audited) Six months period ended June 30, 2015 AED'000	(Un-audited) Six months period ended June 30, 2014 AED'000	(Un-audited) Three months period ended June 30, 2015 AED'000	(Un-audited) Three months period ended June 30, 2014 AED'000
Gross premium	118,947	116,522	53,618	49,372
Reinsurance share of premium	(70,311)	(71,541)	(30,421)	(27,567)
Net premium	48,636	44,981	23,197	21,805
Net transfer to unearned premium	(11,757)	(7,515)	(5,757)	(4,381)
Net premium earned	36,879	37,466	17,440	17,424
Commission earned	9,688	8,708	5,599	4,576
Commission paid	(12,305)	(10,300)	(5,661)	(5,031)
Others	2,109	1,139	1,358	667
Gross underwriting income	36,371	37,013	18,736	17,636
Gross claims paid	54,038	42,763	28,581	20,064
Reinsurance share	(35,284)	(23,847)	(19,511)	(10,562)
Net claims paid	18,754	18,916	9,070	9,502
Provision for outstanding claims and technical provisions	(3,955)	4,315	(6,647)	(2,107)
Reinsurance share of outstanding claims	3,920	(3,311)	6,884	1,359
Net claims incurred	18,719	19,920	9,307	8,754
Net underwriting income	17,652	17,093	9,429	8,882
Income from investments - net	16,198	8,787	2,235	3,933
Income from investment property	5,819	5,332	2,922	2,626
Other income	25	57	25	14
Gross income	39,694	31,269	14,611	15,455
General and administrative expenses	(10,369)	(10,092)	(5,232)	(4,941)
Net profit for the period	29,325	21,177	9,379	10,514
Earnings per share:				
Basic and diluted (note 9)	AED 0.25	AED 0.18	AED 0.08	AED 0.09

The notes from 1 to 12 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 June 30, 2015

	(Un-audited) Six months period ended June 30, 2015 AED'000	(Un-audited) Six months period ended June 30, 2014 AED'000	(Un-audited) Three months period ended June 30, 2015 AED'000	(Un-audited) Three months period ended June 30, 2014 AED'000
Net profit for the period	29,325	21,177	9,379	10,514
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Net unrealised profit on financial assets at fair value through other comprehensive income	7,837	77,941	20,597	(11,887)
Adjustment arising on translation of operating assets and liabilities of overseas branch	(1)	(2)	-	-
Other comprehensive income / (loss) for the period	7,836	77,939	20,597	(11,887)
Total comprehensive income / (loss) for the period	37,161	99,116	29,976	(1,373)

The notes from 1 to 12 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 June 30, 2015

	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	Accumulated losses AED'000	Total equity AED'000
Balance at January 1, 2015 (Audited)	115,500	57,750	28,875	220,000	38,289	(37,751)	422,663
Dividend (note 12)	-	-	-	-	-	(23,100)	(23,100)
Transactions with owners	-	-	-	-	-	(23,100)	(23,100)
Net profit for the period	-	-	-	-	-	29,325	29,325
Other comprehensive income for the period	-	-	-	-	7,837	(1)	7,836
Balance at June 30, 2015 (Un-audited)	115,500	57,750	28,875	220,000	46,126	(31,527)	436,724
Balance at January 1, 2014 (Audited)	115,500	57,750	28,875	220,000	(150,634)	34,242	305,733
Dividend (note 12)	-	-	-	-	-	(23,100)	(23,100)
Transactions with owners	-	-	-	-	-	(23,100)	(23,100)
Net profit for the period	-	-	-	-	-	21,177	21,177
Other comprehensive income for the period	-	-	-	-	77,941	(2)	77,939
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.

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

Condensed Interim Statement of Cash Flows
For the period ended June 30, 2015

	(Un-audited) Six months period ended June 30, 2015 AED'000	(Un-audited) Six months period ended June 30, 2014 AED'000
Cash flows from operating activities		
Net profit for the period	29,325	21,177
<i>Adjustments for:</i>		
Depreciation on property and equipment	175	192
Depreciation on investment property	916	916
Gain on disposal of property and equipment	(25)	(57)
Net transfer to employees' end-of-service benefits	302	179
Insurance contract provisions	16,991	28,879
Reinsurance contract assets	(5,269)	(20,362)
Dividend and interest on long-term deposits	(16,198)	(8,787)
Income from investment property	(5,819)	(5,332)
Operating cash flows before changes in working capital	20,398	16,805
<i>Changes in working capital</i>		
Insurance receivables	(2,481)	(10,377)
Other receivables	(237)	(755)
Insurance payables	11,381	15,712
Other payables	(930)	(2,140)
Due to related parties – net	(19,246)	(19,045)
Net cash generated from operating activities	8,885	200
Cash flows from investing activities		
Purchase of property and equipment	(119)	(115)
Proceeds from disposal of property and equipment	25	57
Dividend and interest on long-term deposits	16,198	8,787
Income from investment property	5,819	5,332
Net cash generated from investing activities	21,923	14,061
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	7,708	(8,839)
Cash and cash equivalents, beginning of period	73,314	55,265
Difference in exchange on cash and cash equivalents	(1)	(1)
Cash and cash equivalents, end of period	81,021	46,425

The notes from 1 to 12 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 June 30, 2015

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, UAE.

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, 2015 and are presented in Arab Emirate Dirham (AED), which is the functional currency of the Company. These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2014.

3 Significant accounting policies

These 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 December 31, 2014. Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual financial statements for the year ended December 31, 2014, are applicable on the Company but do not have any material impact on these condensed interim financial statements.

a) 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.

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

Notes to the condensed interim financial statements (Un-audited)
For the period ended June 30, 2015

3 Significant accounting policies (continued)

b) 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 judgements 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.

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)	(Audited)
	June 30,	December 31,
	2015	2014
	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 deposit held outside UAE represents 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.

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

Notes to the condensed interim financial statements (Un-audited)
For the period ended June 30, 2015

5 Investment property

	(Un-audited) June 30, 2015 AED'000	(Audited) December 31, 2014 AED'000
Within UAE:		
Cost at the beginning of the period	105,721	105,721
Accumulated depreciation	(23,343)	(22,427)
Written down value at the end of the period	82,378	83,294

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, 2015					
Investment in quoted securities	(a)	302,393	-	-	302,393
Investment in unquoted securities*	(b)	-	-	40,926	40,926
		302,393	-	40,926	343,319
December 31, 2014					
Investment in quoted securities	(a)	280,221	-	-	280,221
Investment in unquoted securities*	(b)	-	-	55,261	55,261
		280,221	-	55,261	335,482

(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, 2015. 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. Latest financial information of these unquoted investees was not available, therefore financial information reported as at December 31, 2014 has been used to fair value these unquoted securities as at June 30, 2015. 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, 2015. 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.

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

Notes to the condensed interim financial statements (Un-audited)
For the period ended June 30, 2015

7 Related parties

Details of related party balances are as follows:

	(Un-audited) June 30, 2015 AED'000	(Audited) December 31, 2014 AED'000
Due from related parties		
<i>Related parties due to common directorship</i>		
Al Habtoor Leighton L.L.C.	10,642	2,751
Diamond Lease L.L.C.	8,100	2,040
Habtoor Grand Resort & Spa	1,495	74
Dubai National Investment Co. LLC	1,390	654
Other Habtoor Group companies	2,774	226
	<u>24,401</u>	<u>5,745</u>

Due to related parties

Related parties due to common directorship

Al Habtoor Motors Co. L.L.C.	5,370	5,802
Other Habtoor Group companies	-	158
	<u>5,370</u>	<u>5,960</u>

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, 2015 AED'000	(Un-audited) Six months period ended June 30, 2014 AED'000
Premiums written	45,771	55,154
Claims paid	3,471	4,737
Commission paid	2,947	1,833
Agency/ Non-agency repairs	16,796	14,638
Salvage sale	160	-

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

Notes to the condensed interim financial statements (Un-audited)
For the period ended June 30, 2015

8 Cash and cash equivalents

	(Un-audited) June 30, 2015 AED'000	(Audited) December 31, 2014 AED'000
Cash in hand and at banks	81,021	73,314

- (a) Cash in hand and at banks includes approximately AED 0.05 million (2014: AED 0.06 million) converted from Lebanese Lira (LL).
- (b) Cash at banks includes short term deposits with local banks carrying interest ranging from 0.2% - 1.0% (December 31, 2014: 0.1% - 1.3%).

9 Earnings per share

Basic and diluted

	(Un-audited) Six months period ended June 30, 2015	(Un-audited) Six months period ended June 30, 2014	(Un-audited) Three months period ended June 30, 2015	(Un-audited) Three months period ended June 30, 2014
Earnings (AED'000):				
Net profit for the period	29,325	21,177	9,379	10,514
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	0.25*	0.18*	0.08*	0.09*

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

* These figures are rounded off

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.

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

Notes to the condensed interim financial statements (Un-audited)
For the period ended June 30, 2015

10 Segment Information (continued)

	Six months period ended June 30, 2015 AED '000			Six months period ended June 30, 2014 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	118,947	24,486	143,433	116,522	16,606	133,128
Segment result	17,652	22,017	39,669	17,093	14,119	31,212
Unallocated:						
-Other income			25			57
-Admin expenses			(10,369)			(10,092)
Net profit for the period			29,325			21,177

	June 30, 2015 AED '000			December 31, 2014 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment assets	187,602	425,696	613,298	161,014	418,776	579,790
Unallocated assets			91,289			83,582
Total assets			704,587			663,372
Segment / Total liabilities	263,730	4,133	267,863	238,142	2,567	240,709

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, 2014: 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 amounting to AED 23.1 million (prior period: AED 23.1 million), i.e. AED 0.20 per share, for the year ended December 31, 2014 which was approved at the Annual General Meeting held on March 9, 2015 and distributed in April 2015.