



Dated : 13th August 2017

Directors' Report
For the Half Year Ended 30th June 2017

The Board of Directors is pleased to present the half yearly unaudited results for the period ended 30th June 2017.

- The gross premium written for the half year 2017 is AED 166.372 Million compared to AED 135.449 Million in the same period last year.
- The net underwriting income of the half year ended 30th June 2017 is AED 20.730 Million as compared to AED 19.745 Million (restated) as of 30th June 2016.
- The company achieved net profit of AED 31.042 Million for the half year ended 30th June 2017 as compared to AED 32.208 Million (restated) as of 30th June 2016.

Mohammed Khalaf Al Habtoor
Managing Director



Sumit

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

Dubai - United Arab Emirates

Condensed Interim Financial Statements
(Unaudited)

For the period ended 30 June 2017

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 30 June 2017 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six month 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
Farouk Mohamed



Registration No: 86
Dubai, 13 August 2017

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed interim financial statements (Unaudited)

Condensed interim statement of financial position
As at 30 June 2017

		(Unaudited) 30 June 2017 AED'000	(Audited - Restated) 31 December 2016 AED'000
	Notes		
Assets			
Non-current			
Statutory deposits	4	10,000	10,000
Property and equipment		645	770
Investment property	5	78,672	79,595
		<u>89,317</u>	<u>90,365</u>
Current			
Financial assets at fair value through other comprehensive income	6	373,151	372,316
Insurance receivables		66,982	43,619
Other receivables		21,077	16,255
Due from related parties	7	28,138	13,386
Reinsurance contract assets		164,585	133,033
Cash and cash equivalents	8	92,872	110,004
		<u>746,805</u>	<u>688,613</u>
Total assets		<u>836,122</u>	<u>778,978</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		180,000	180,000
Fair value reserve on financial assets at fair value through other comprehensive income		51,880	51,045
Retained earnings		37,046	34,879
Total equity		<u>471,051</u>	<u>468,049</u>
Liabilities			
Non-current			
Employees' end-of-service benefits		4,246	4,348
Current			
Insurance contract provisions		255,961	211,458
Insurance payables		75,354	50,893
Other payables		26,525	34,175
Due to related parties	7	2,985	10,055
		<u>360,825</u>	<u>306,581</u>
Total liabilities		<u>365,071</u>	<u>310,929</u>
Total equity and liabilities		<u>836,122</u>	<u>778,978</u>

These condensed interim financial statements were approved by the Board of Directors on 13 August 2017 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 (Unaudited)

Condensed interim income statement
For the period ended 30 June 2017

	(Unaudited) Six months period ended 30 June 2017 AED'000	(Unaudited - Restated) Six months period ended 30 June 2016 AED'000	(Unaudited) Three months period ended 30 June 2017 AED'000	(Unaudited - Restated) Three months period ended 30 June 2016 AED'000
Gross premiums	166,372	135,449	81,071	70,482
Reinsurance share of premiums	(103,656)	(78,280)	(49,710)	(40,282)
Net premiums	62,716	57,169	31,361	30,200
Net transfer to unearned premiums	(11,008)	(13,237)	(4,584)	(7,097)
Net premiums earned	51,708	43,932	26,777	23,103
Commission earned	11,779	11,243	6,018	5,671
Commission paid	(15,358)	(11,485)	(8,171)	(5,899)
Others	1,130	2,141	248	1,313
Gross underwriting income	49,259	45,831	24,872	24,188
Gross claims paid	79,462	66,462	40,188	34,961
Reinsurance share	(52,878)	(40,853)	(27,079)	(21,884)
Net claims paid	26,584	25,609	13,109	13,077
Provision for outstanding claims and technical provisions	15,255	8,117	2,055	(278)
Reinsurance share of outstanding claims and technical provisions	(13,310)	(7,640)	(1,725)	990
Net claims incurred	28,529	26,086	13,439	13,789
Net underwriting income	20,730	19,745	11,433	10,399
Income from investments - net	18,429	17,858	4,041	1,352
Income from investment property - net	3,609	5,786	1,557	2,780
Other income	12	51	-	39
Gross income	42,780	43,440	17,031	14,570
General and administrative expenses	(11,738)	(11,232)	(5,992)	(5,699)
Net profit for the period	31,042	32,208	11,039	8,871
Earnings per share:				
Basic and diluted (note 9)	AED 0.27	AED 0.28	AED 0.10	AED 0.08

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 (Unaudited)

Condensed interim statement of comprehensive income
For the period ended 30 June 2017

	(Unaudited) Six months period ended 30 June 2017 AED'000	(Unaudited- Restated) Six months period ended 30 June 2016 AED'000	(Unaudited) Three months period ended 30 June 2017 AED'000	(Unaudited- Restated) Three months period ended 30 June 2016 AED'000
Net profit for the period	31,042	32,208	11,039	8,871
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net unrealised profit on financial assets at fair value through other comprehensive income	835	34,110	5,796	27,674
Other comprehensive income for the period	835	34,110	5,796	27,674
Total comprehensive income for the period	31,877	66,318	16,835	36,545

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 (Unaudited)

Condensed interim statement of changes in equity
For the period ended 30 June 2017

	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 1 January 2017 (Audited)	115,500	57,750	28,875	180,000	51,045	33,563	466,733
Effect of change in accounting policy (note 13)	-	-	-	-	-	1,316	1,316
Balance at 1 January 2017 (Restated)	115,500	57,750	28,875	180,000	51,045	34,879	468,049
Dividend (note 12)	-	-	-	-	-	(28,875)	(28,875)
Transactions with owners	-	-	-	-	-	(28,875)	(28,875)
Net profit for the period	-	-	-	-	-	31,042	31,042
Other comprehensive income for the period	-	-	-	-	835	-	835
Total comprehensive income for the period	-	-	-	-	835	31,042	31,877
Balance at 30 June 2017 (Unaudited)	115,500	57,750	28,875	180,000	51,880	37,046	471,051
Balance at 1 January 2016 (Audited)	115,500	57,750	28,875	180,000	8,781	16,456	407,362
Effect of change in accounting policy (note 13)	-	-	-	-	-	(638)	(638)
Balance at 1 January 2016 (Restated)	115,500	57,750	28,875	180,000	8,781	15,818	406,724
Dividend (note 12)	-	-	-	-	-	(23,100)	(23,100)
Transactions with owners	-	-	-	-	-	(23,100)	(23,100)
Net profit for the period	-	-	-	-	-	32,208	32,208
Other comprehensive income for the period	-	-	-	-	34,110	-	34,110
Total comprehensive income for the period	-	-	-	-	34,110	32,208	66,318
Balance at 30 June 2016 (Unaudited)	115,500	57,750	28,875	180,000	42,891	24,926	449,942

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 (Unaudited)

Condensed interim statement of cash flows
For the period ended 30 June 2017

	(Unaudited) Six months period ended 30 June 2017 AED'000	(Unaudited - Restated) Six months period ended 30 June 2016 AED'000
Cash flows from operating activities		
Net profit for the period	31,042	32,208
<i>Adjustments for:</i>		
Depreciation on property and equipment	207	231
Depreciation on investment property	923	922
Gain on disposal of property and equipment	(12)	(51)
Net transfer to employees' end-of-service benefits	(102)	222
Insurance contract provisions	44,503	31,283
Reinsurance contract assets	(31,552)	(17,568)
Income from investments - net	(18,429)	(17,858)
Income from investment property	(4,532)	(6,708)
Operating cash flows before changes in working capital	22,048	22,681
<i>Changes in working capital:</i>		
Insurance receivables	(23,363)	(9,794)
Other receivables	(4,822)	(4,351)
Insurance payables	24,461	8,816
Other payables	(7,650)	(6,794)
Due from/to related parties -- net	(21,822)	(16,825)
Net cash used in operating activities	(11,148)	(6,267)
Cash flows from investing activities		
Purchase of property and equipment	(82)	(189)
Proceeds from disposal of property and equipment	12	51
Income from investments - net	18,429	17,858
Income from investment property	4,532	6,708
Net cash generated from investing activities	22,891	24,428
Cash flows from financing activity		
Dividend paid	(28,875)	(23,100)
Net cash used in financing activity	(28,875)	(23,100)
Net change in cash and cash equivalents	(17,132)	(4,939)
Cash and cash equivalents, beginning of period	110,004	90,974
Cash and cash equivalents, end of period	92,872	86,035

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 (Unaudited)

Notes to the condensed interim financial statements
For the period ended 30 June 2017

1 Legal status and activities

Dubai National Insurance & Reinsurance (P.S.C.) (the "Company") is a public shareholding company incorporated in Dubai on 6 January 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 Organisation 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 up. Its license as required by local regulations has been terminated and it will shut down once 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 30 June 2017 and are presented in United 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 31 December 2016. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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 31 December 2016 with the exception of commission earned and paid. Commission earned and paid is now initially deferred and recognised as income or expense over the policy period (refer note 13). Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual financial statements for the year ended 31 December 2016, are applicable on the Company but do not have any material impact on these condensed interim financial statements.

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 (including actuarial calculation), is an appropriate basis for predicting future events.

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

Notes to the condensed interim financial statements
For the period ended 30 June 2017

3 Significant accounting policies (continued)

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 and Net Assets Value Techniques 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

	(Unaudited)	(Audited)
	30 June	31 December
	2017	2016
	AED'000	AED'000
Held with a local bank in Dubai	10,000	10,000

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 Organisation 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.

5 Investment property

	(Unaudited)	(Audited)
	30 June	31 December
	2017	2016
	AED'000	AED'000
Within UAE:		
Cost at the beginning of the period	105,721	105,721
Accumulated depreciation	(27,049)	(26,126)
Written down value at the end of the period	78,672	79,595

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

Notes to the condensed interim financial statements
For the period ended 30 June 2017

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
30 June 2017 (Unaudited)					
Investment in quoted securities	(a)	304,085	-	-	304,085
Investment in unquoted securities*	(b)	-	-	69,066	69,066
		304,085	-	69,066	373,151
31 December 2016 (Audited)					
Investment in quoted securities	(a)	311,413	-	-	311,413
Investment in unquoted securities*	(b)	-	-	60,903	60,903
		311,413	-	60,903	372,316

(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 30 June 2017 (31 December 2016: three entities). These investments are fair valued based on Earnings Multiple and Net Asset Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of these non-public investees. Unobservable financial data used in determining the fair values of these unquoted securities has been extracted from their latest available audited financial statements for the year ended 31 December 2016 (31 December 2016: financial statements for the year ended 31 December 2015).

Management believes the fair values of these unquoted investments would not be significantly different if the financial data of these non-public investees as at 30 June 2017 could be used based on its availability. 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 (Unaudited)

Notes to the condensed interim financial statements
For the period ended 30 June 2017

7 Related parties

Details of related party balances are as follows:

	(Unaudited) 30 June 2017 AED'000	(Audited) 31 December 2016 AED'000
Due from related parties		
<i>Related parties due to common directorship</i>		
Diamond Lease L.L.C.	10,519	3,901
Al Habtoor Theatre LLC	3,978	3,344
Habtoor Grand Resort & Spa	1,321	236
Dubai National Investment Co. LLC	6,356	1,856
Other Habtoor Group companies	5,964	4,049
	<u>28,138</u>	<u>13,386</u>

Due to related parties

Related parties due to common directorship

Al Habtoor Motors Co. L.L.C.	2,985	10,038
Other Habtoor Group companies	-	17
	<u>2,985</u>	<u>10,055</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 as IAS 24. These transactions are carried out at terms mutually agreed between the parties.

Significant transactions with related parties are summarised below:

	(Unaudited) Six months period ended 30 June 2017 AED'000	(Unaudited) Six months period ended 30 June 2016 AED'000
Premiums written	37,525	32,064
Claims paid	7,016	4,893
Commission paid	3,297	2,749
Agency/ Non-agency repairs	<u>18,848</u>	<u>21,477</u>

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

Notes to the condensed interim financial statements
For the period ended 30 June 2017

8 Cash and cash equivalents

	(Unaudited) 30 June 2017 AED'000	(Audited) 31 December 2016 AED'000
Cash in hand and at banks	92,872	110,004

- (a) Cash in hand and at banks includes approximately AED 0.5 million (31 December 2016: AED 0.5 million) converted from Lebanese Lira (LL).
- (b) Cash at banks includes short term deposits with local banks carrying interest ranging from 1.50% - 2.1% (31 December 2016: 0.6% - 2.13%).

9 Earnings per share

Basic and diluted

	(Unaudited) Six months period ended 30 June 2017	(Unaudited - Restated) Six months period ended 30 June 2016	(Unaudited) Three months period ended 30 June 2017	(Unaudited - Restated) Three months period ended 30 June 2016
Earnings (AED'000):				
Net profit for the period	31,042	32,208	11,039	8,871
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	0.27	0.28	0.10	0.08

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.

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

Notes to the condensed interim financial statements
For the period ended 30 June 2017

10 Segment information (continued)

	Six months period ended 30 June 2017			Unaudited Restated - Six months period ended 30 June 2016		
	AED'000			AED'000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	166,372	26,822	193,194	135,449	26,398	161,847
Segment result	20,730	22,038	42,768	19,745	23,644	43,389
Unallocated:						
-Other income			12			51
-Admin expenses			(11,738)			(11,232)
Net profit for the period			<u>31,042</u>			<u>32,208</u>

	30 June 2017 AED'000			Restated - 31 December 2016 AED'000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment assets	281,427	451,823	733,250	207,063	451,911	658,974
Unallocated assets			<u>102,872</u>			<u>120,004</u>
Total assets			<u>836,122</u>			<u>778,978</u>
Segment / Total liabilities	364,230	841	<u>365,071</u>	308,955	1,974	<u>310,929</u>

11 Commitments and contingencies

In the normal course of business, the Company's bankers have issued guarantees in favor of third parties amounting to AED 0.3 million (31 December 2016: AED 0.3 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 25% of paid up capital amounting to AED 28.875 million, i.e. AED 0.25 per share, for the year ended 31 December 2016 which was approved at the Annual General Meeting held on 7 March 2017 and distributed in March 2017.

During the comparative period, the Board proposed cash dividend of 20% of paid up capital amounting to AED 23.1 million i.e. AED 0.20 per share, for the year ended 31 December 2015 which was approved at the Annual General Meeting held on 7 March 2016 and distributed in March 2016.

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

Notes to the condensed interim financial statements
For the period ended 30 June 2017

13 Comparatives

From 1 January 2017 the Company has changed its accounting policy with respect to commission earned and paid. Previously, the Company used to recognise commission income and commission expense at the time the policies were written. Now, the Company initially defers the commission earned and paid and recognises commission income and expense over the tenure of the policies. As a result of the retrospective application of the change in accounting policy, the comparative financial information has been restated. In addition to the above, in respect of medical policies, the Company is now offsetting the loadings attributable to the Company which form a part of the 'gross written premiums' against the 'commission payable' while working out the deferred acquisition costs pertaining to medical lines of business. This is to be in line with the consistent approach followed by the Company in respect of income recognition. Accordingly, comparative financial information has also been reclassified.

Condensed interim statement of financial position:

<i>As at 31 December 2016:</i>	Previously reported AED'000	Adjustment AED'000	Restated AED'000	Reclassification AED'000	Reclassified AED'000
Other receivables	3,884	14,700	18,584	(2,329)	16,255
Other payables	23,120	13,384	36,504	(2,329)	34,175
Retained earnings	33,563	1,316	34,879	-	34,879

<i>As at 31 December 2015:</i>	Previously reported AED'000	Adjustment AED'000	Restated AED'000	Reclassification AED'000	Reclassified AED'000
Other receivables	3,747	11,039	14,786	(1,596)	13,190
Other payables	27,289	11,677	38,966	(1,596)	37,370
Retained earnings	16,456	(638)	15,818	-	15,818

Condensed interim income statement:

<i>Six months period ended 30 June 2016:</i>	Previously reported AED'000	Adjustment AED'000	Restated AED'000
Commission earned	11,093	150	11,243
Commission paid	(15,162)	3,677	(11,485)

<i>Three months period ended 30 June 2016:</i>	Previously reported AED'000	Adjustment AED'000	Restated AED'000
Commission earned	6,414	(743)	5,671
Commission paid	(8,220)	2,321	(5,899)