

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C
DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL INFORMATION

MARCH 31, 2007



Dated : 13th May 2007

Directors' Report
For the First Quarter Ended 31st March 2007

The Board of Directors is pleased to present the unaudited results for the first quarter ended 31st March 2007.

- The gross premium written increased in the first quarter of 2007 by 16.61% to AED 24.27Million as compared to AED 20.81Million in the same period last year.
- The net underwriting income also rose in the first quarter of 2007 by 16.55% to AED 4.90Million as compared to AED 4.20 Million as of March 2006.
- The company achieved net profit of AED 7.75Million in the first quarter of 2007 compared to AED 7.51Million in the same period last year.

Sultan Ahmed Al Habtoor
Managing Director

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C
DUBAI - UNITED ARAB EMIRATES

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March 31, 2007

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**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C**

Introduction

We have reviewed the accompanying condensed balance sheet of Dubai National Insurance & Reinsurance P.S.C as on March 31, 2007 and the related condensed statement of income, condensed statements of changes in equity and condensed statement of cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard No. 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed 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 as 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 interim condensed financial information is not prepared, in all material respect in accordance with International Financial Reporting Standards other than as stated in notes 5 and 6 to these interim condensed financial information.

We did not carry out review of comparatives as presented for 3 months period ended 31 March 2006 and as at that date.

Grant Thornton

Abdulkader Mohamed Ramadan
Registration No. 70

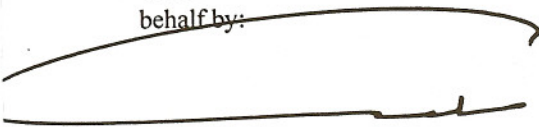
Dubai, United Arab Emirates
10 May 2007

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C
Dubai - United Arab Emirates

Condensed balance sheet at March 31, 2007 (Unaudited)

	(Unaudited) 31.03.2007 AED'000	(Audited) 31.12.2006 AED'000
Assets employed:		
Statutory deposits	15,475	15,475
Property and equipment	33,397	33,570
Investments in Property	65,974	66,309
	<u>114,846</u>	<u>115,354</u>
Current assets		
Available-for-Sale Investments	213,192	284,867
Trade receivables	12,872	12,765
Other Recievables	1,451	4,023
Due from related parties	15,559	9,136
Re-insurers share of outstanding claim	47,717	48,101
Cash in hand and at banks including deposits	71,701	9,190
Total current assets	<u>362,492</u>	<u>368,082</u>
Current liabilities		
Outstanding claims provision	93,079	93,555
Unearned premium reserves	12,941	11,456
Trade and other payables	53,823	47,420
Total current liabilities	<u>159,843</u>	<u>152,431</u>
Net current assets	<u>202,649</u>	<u>215,651</u>
Total assets less current liabilities	<u>317,495</u>	<u>331,005</u>
Creditors falling due after more than one year	(962)	(921)
Net assets	<u><u>316,533</u></u>	<u><u>330,084</u></u>
Shareholders' equity		
Share capital	100,000	100,000
Legal reserve	50,000	50,000
Obligatory reserve	25,000	25,000
General reserve	220,000	220,000
Cummulative change in reserve on available-for-sale investments	(118,659)	(97,380)
Shareholders' current account	30,000	-
Retained earnings	10,192	32,464
Net Shareholders' equity	<u>316,533</u>	<u>330,084</u>

These interim financial information were approved by the Boad of Directors on 10 May 2007 and signed on their behalf by:


Sultan Ahmed Al Habtoor
Managing Director


Mohamed Khalaf Al Habtoor
Director

Notes 1 to 6 on page 6 form an integral part of these financial information.

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C
Dubai - United Arab Emirates

Condensed income Statement
for the period ended March 31 2007 (unaudited)

	(Unaudited) Three months ended March 31, 2007 AED'000	(Unaudited) Three months ended March 31, 2006 AED'000	(Audited) Twelve months ended December 31, 2006 AED'000
Gross premium	24,271	20,813	66,941
Reinsurance share	(15,695)	(14,359)	(40,218)
Net premium	<u>8,576</u>	<u>6,454</u>	<u>26,723</u>
Net transfer to unearned premium reserve	(1,485)	4,198	13,524
Net premium earned	<u>7,091</u>	<u>10,652</u>	<u>40,247</u>
Commision earned	1,906	1,651	3,548
Commision paid	(1,122)	(754)	(4,096)
Others	41	176	971
Gross underwriting income	<u>7,916</u>	<u>11,725</u>	<u>40,670</u>
Gross claims paid	5,754	15,278	47,961
Reinsurance share	(2,646)	(5,063)	(24,648)
Net claims paid	<u>3,108</u>	<u>10,215</u>	<u>23,313</u>
Provision for outstanding claims	(476)	(5,030)	(17,607)
Reinsurance share of outstanding claims	384	2,336	21,464
Net claims incurred	<u>3,016</u>	<u>7,521</u>	<u>27,170</u>
Net underwriting income	4,900	4,204	13,500
Income from investment	1,453	2,913	12,958
Income from investment property	1,904	1,057	6,442
Other income	1,256	877	3,645
Gross income	<u>9,513</u>	<u>9,051</u>	<u>36,545</u>
General and administrative expenses	(1,760)	(1,545)	(6,365)
Net profit for the period/year	<u><u>7,753</u></u>	<u><u>7,506</u></u>	<u><u>30,180</u></u>
Earnings per share:			
Basic and diluted earnings per share	<u><u>AED 0.08</u></u>	<u><u>AED 0.08</u></u>	<u><u>AED 0.30</u></u>

Notes 1 to 6 on page 6 form an integral part of these financial information.

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C

Dubai - United Arab Emirates

**Condensed statement of changes in Shareholders' equity
for the period ended March 31, 2007 (Unaudited)**

	Share capital AED'000	Legal reserve AED'000	Obligatory reserve AED'000	General reserve AED'000	Cummulative change in reserve on available for sale investments AED'000	Shareholders' current account AED'000	Retained earnings AED'000	Total AED'000
As at 1 January 2006 (Audited)	100,000	50,000	25,000	220,000	78,748	-	78,520	552,268
Net profit for the three months period	-	-	-	-	-	-	7,506	7,506
Dividend paid	-	-	-	-	-	-	(75,000)	(75,000)
As at 31 March 2006 (Unaudited)	100,000	50,000	25,000	220,000	78,748	-	11,026	484,774
Net profit for the nine months period	-	-	-	-	-	-	22,674	22,674
Directors' remuneration	-	-	-	-	-	-	(1,259)	(1,259)
Adjustment arising on translation of operating assets and liabilities of overseas branch	-	-	-	-	-	-	23	23
Net unrealized losses on investments	-	-	-	-	(176,128)	-	-	(176,128)
As at 31 December 2006 (Audited)	100,000	50,000	25,000	220,000	(97,380)	-	32,464	330,084
Net profit for three months period	-	-	-	-	-	-	7,753	7,753
Dividends*	-	-	-	-	-	30,000	(30,000)	-
Adjustment arising on translation of operating assets and liabilities of overseas branch	-	-	-	-	-	-	(25)	(25)
Net unrealized losses on investments	-	-	-	-	(21,279)	-	-	(21,279)
As at 31 March 2007 (Unaudited)	100,000	50,000	25,000	220,000	(118,659)	30,000	10,192	316,533

* At Annual General Meeting held on 19 March 2007 for the year ended 31 December 2006 the shareholders approved cash dividend of AED 30,000,000 representing 30% of share capital.

Notes 1 to 6 on page 6 form an integral part of these financial information.

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C
Condensed Cash flow statement
for the period ended March 31, 2007 (unaudited) (note 6)

Three months ended
March 31, 2007
AED'000

Operating activities

Net profit for the period	7,753
Adjustments for,	
Depreciation on property and equipment	215
Depreciation on investment property	335
Gain on translation of foreign currency	(25)
Loss on sale of property and equipment	1
Net transfer to employees' end-of-service benefits	41
Transfer to unearned premium	1,485
Provision for outstanding claims	(476)
Reinsurance share in outstanding claims	384
Dividend and interest on long-term deposits	(1,453)
Income from investment property	(2,239)
Operating profit before working capital changes	6,021
Changes in working capital:	
Trade receivables	(107)
Other receivables	2,572
Trade and other payables	6,403
Due from related parties	(6,423)
Net cash generated by the operations	8,466

Cash flow from investing activities

Proceeds from sale of investments	50,396
Purchase of property and equipment	(43)
Income from investment property	2,239
Dividend and interest on long-term deposits income	1,453
Net cash generated by investing activities	54,045

Net increase in cash and cash equivalents	62,511
Cash and cash equivalents at 1 January	9,190
Cash and cash equivalents at 31, March	71,701

Notes 1 to 6 on page 6 form an integral part of these financial information.

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (unaudited)
March 31, 2007

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 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. 9 of 1984 relating to insurance companies and insurance agents.

The registered address of the Company is at 2nd Floor, Al Habtoor Motors Building, P.O. Box 1806, Dubai, UAE.

The overseas branch in Beirut is in the process of being closed down. Accordingly, the related license as required by local regulations has been terminated. All related guarantees are blocked with the Ministry of Economic & Commerce, Insurance Affairs Department in Lebanon until it meets all its obligations, as published in official gazette in April 2004.

2. Significant accounting policies

The interim condensed financial information of the Company are prepared in accordance with International Financial Reporting Standard, (IAS-34 on "Interim Financial Reporting"). The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2006, other than as stated in note 5 below.

3. Use of estimates

Estimates are made by management for assessing provision for outstanding claims, useful lives of property, plant and equipment and other such items. While measurements in both annual and interim financial reports are based on reasonable estimates, the preparation of interim financial reports require a greater use of estimation methods than annual financial reports.

4. Contingent liabilities

The Company's bankers have issued in the normal course of business letter of guarantee in favour of third parties amounting to AED 10,528,000 which were outstanding as at 31 March 2007.

5. Dividend income

Dividend income of AED 5,264,312 has not been recognised even though right to receive payment has been established.

6. Comparatives and other disclosure as required by IAS 34

Certain comparatives and other disclosure for the current period as mandated by IAS-34 have not been presented and disclosed because of practical difficulties in extracting such information, this being the first period of review.