

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

INTERIM CONDENSED FINANCIAL INFORMATION

JUNE 30, 2007 (UN-AUDITED)



Dated : 6th August 2007

Directors' Report
For the Half Year Ended 30th June 2007

The Board of Directors are pleased to present the unaudited results for the half year ended 30th June 2007.

- The gross premium written for the half year ended 30th June 2007 increased by 34% to AED 40.078 Million as compared to AED 29.894 Million for the same period last year.
- The net underwriting income for the half year ended 30th June 2007 also rose by 18% to AED 8.495 Million as compared to AED 7.188 Million as of 30th June 2006.
- The net profit for the period ended 30th June 2007 was AED 17.519 Million compared to AED 13.578 Million for the same period last year.

Sultan Ahmed Al Habtoor
Managing Director



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

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June 30, 2007

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**REVIEW REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF
DUBAI NATIONAL INSURANCE & REINSURANCE CO. P.S.C.**

Introduction

We have reviewed the accompanying condensed balance sheet of Dubai National Insurance & Reinsurance Co. P.S.C. as on June 30, 2007 and the related condensed statement of income, condensed statements of changes in equity and condensed statement of cash flows for the six-months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards. 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 note 5 to these interim condensed financial information.

We did not carry out review of comparatives for the six months period and quarter ended 30 June 2006 and as at that date.

Grant Thornton

**Abdulkader Mohamed Ramadan
Registration No. 50**

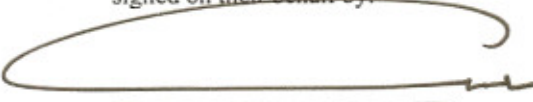
31 July 2007
Dubai, United Arab Emirates

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

Condensed balance sheet at June 30, 2007 (Unaudited)

	(Unaudited) 30.06.2007 AED'000	(Unaudited) 30.06.2006 AED'000	(Audited) 31.12.2006 AED'000
Assets employed:			
Statutory deposits	15,475	15,475	15,475
Property and equipment	33,245	33,905	33,570
Investments in Property	65,635	66,331	66,309
Current assets			
Available-for-sale investments	240,060	311,106	284,867
Trade receivables	11,036	15,638	12,765
Other receivables	3,209	2,324	4,023
Due from related parties	9,813	4,884	9,136
Re-insurers share of outstanding claims	41,492	61,543	48,101
Cash in hand and at banks including deposits	54,036	5,339	9,190
Total current assets	359,646	400,834	368,082
Current liabilities			
Outstanding claims provision	86,837	87,685	93,555
Unearned premium reserves	8,947	13,578	11,456
Trade and other payables	54,022	51,847	47,420
Due to related parties	65	-	-
Total current liabilities	149,871	153,110	152,431
Net current assets	209,775	247,724	215,651
Total assets less current liabilities	324,130	363,435	331,005
Creditors falling due after more than one year	(962)	(988)	(921)
Net assets	323,168	362,447	330,084
Shareholders' equity			
Share capital	100,000	100,000	100,000
Legal reserve	50,000	50,000	50,000
Obligatory reserve	25,000	25,000	25,000
General reserve	220,000	220,000	220,000
Cummulative change in reserve on available-for-sale investments	(91,790)	(49,831)	(97,380)
Retained earnings	19,958	17,278	32,464
Net Shareholders' equity	323,168	362,447	330,084

This interim condensed financial information was approved by the Board of Directors on 31 July 2007 and signed on their behalf by:


Sultan Ahmed Al Habtoor
Managing Director


Mohamed Khalaf Al Habtoor
Director

Notes 1 to 5 on page 6 form an integral part of this interim condensed financial information.

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

Condensed income statement
for the period ended June 30, 2007 (unaudited)

	(Unaudited) Six months ended June 30, 2007 AED'000	(Unaudited) Six months ended June 30, 2006 AED'000	(Unaudited) Three months ended June 30, 2007 AED'000	(Unaudited) Three months ended June 30, 2006 AED'000
Gross premium	40,078	29,894	15,807	9,081
Reinsurance share	(28,090)	(20,958)	(12,395)	(6,599)
Net premium	11,988	8,936	3,412	2,482
Net transfer to unearned premium reserve	2,509	11,405	3,994	7,207
Net premium earned	14,497	20,341	7,406	9,689
Commission earned	3,105	2,219	1,199	568
Commission paid	(1,838)	(1,418)	(716)	(664)
Others	214	307	173	131
Gross underwriting income	15,978	21,449	8,062	9,724
Gross claims paid	17,401	22,962	11,647	7,684
Reinsurance share	(9,808)	(8,288)	(7,162)	(3,225)
Net claims paid	7,593	14,674	4,485	4,459
Provision for outstanding claims	(6,719)	(8,413)	(6,243)	(3,383)
Reinsurance share of outstanding claims	6,609	8,000	6,225	5,664
Net claims incurred	7,483	14,261	4,467	6,740
Net underwriting income	8,495	7,188	3,595	2,984
Income from investment	5,586	5,354	4,133	2,441
Income from investment property	3,759	2,606	1,855	1,549
Other income	3,049	1,675	1,793	798
Gross income	20,889	16,823	11,376	7,772
General and administrative expenses	(3,370)	(3,065)	(1,610)	(1,520)
Net profit for the period/year	17,519	13,758	9,766	6,252
Earnings per share:				
Basic and diluted earnings per share	<u>0.18</u>	<u>0.14</u>	<u>0.10</u>	<u>0.06</u>

Notes 1 to 5 on page 6 form an integral part of this interim condensed financial information.

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C

Dubai - United Arab Emirates

**Condensed statement of changes in Shareholders' equity
for the period ended June 30, 2007 (Unaudited)**

	Share capital AED'000	Legal reserve AED'000	Obligatory reserve AED'000	General reserve AED'000	Cumulative change in reserve on available for sale investments 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 period	-	-	-	-	-	13,758	13,758
Dividend paid	-	-	-	-	-	(75,000)	(75,000)
Net unrealized losses on investments	-	-	-	-	(128,579)	-	(128,579)
As at June 30, 2006 (Unaudited)	100,000	50,000	25,000	220,000	(49,831)	17,278	362,447
Net profit for the period	-	-	-	-	-	16,422	16,422
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	-	-	-	-	(47,549)	-	(47,549)
As at 31 December 2006 (Audited)	100,000	50,000	25,000	220,000	(97,380)	32,464	330,084
Net profit for six months period	-	-	-	-	-	17,519	17,519
Dividends*	-	-	-	-	-	(30,000)	(30,000)
Adjustment arising on translation of operating assets and liabilities of overseas branch	-	-	-	-	-	(25)	(25)
Net unrealized losses on investments	-	-	-	-	5,590	-	5,590
As at June 30, 2007 (Unaudited)	100,000	50,000	25,000	220,000	(91,790)	19,958	323,168

* 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 5 on page 6 form an integral part of this interim condensed financial information.

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C

**Condensed cash flow statement
for the period ended June 30, 2007 (unaudited) (note 6)**

	Six months ended June 30, 2007 AED'000	Six months ended June 30, 2006 AED'000
Operating activities		
Net profit for the period	17,519	13,758
Adjustments for,		
Depreciation on property and equipment	429	451
Depreciation on investment property	676	851
Loss on translation of foreign currency	(25)	-
Loss/(Profit) on sale of property and equipment	2	(5)
Net transfer to employees' end-of-service benefits	41	(227)
Transfer to unearned premium	(2,509)	(11,402)
Provision for outstanding claims	(6,718)	(23,477)
Reinsurance share in outstanding claims	6,609	8,022
Dividend and interest on long-term deposits	5,586	(5,349)
Income from investment property	5,171	(3,457)
Operating profit/(loss) before working capital changes	26,781	(20,835)
Changes in working capital:		
Trade receivables	1,729	4,118
Other receivables	814	(111)
Trade and other payables	6,602	(14,892)
Due from related parties	(677)	(2,839)
Due to related parties	65	-
Net cash generated by/(used in) operations	<u>35,314</u>	<u>(34,559)</u>
Cash flow from investing activities		
Investments	-	(31,189)
Proceeds from sale of investments	50,396	-
Purchase of property and equipment	(107)	(73)
Proceeds from disposal of property and equipment	-	40
Income from investment property	(5,171)	3,457
Dividends and interest on long-term deposits income	(5,586)	5,349
Net cash generated by/(used in) investing activities	<u>39,532</u>	<u>(22,416)</u>
Financing activity		
Dividend paid	(30,000)	(75,000)
	<u>(30,000)</u>	<u>(75,000)</u>
Net increase/(decrease) in cash and cash equivalents	44,846	(131,975)
Cash and cash equivalents at 1 January	9,190	137,314
Cash and cash equivalents at 30, June	<u><u>54,036</u></u>	<u><u>5,339</u></u>

Notes 1 to 5 on page 6 form an integral part of this interim condensed financial information.

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (unaudited)
June 30, 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 30 June 2007.

5. Dividend income

Dividend income of AED 3,643,380 has not been recognised even though right to receive payment has been established.

6. Comparative figures

Certain comparative figures have not been furnished as these are unavailable.