



Dated : 7th November 2007

Directors' Report
For the Third Quarter Ended 30th September 2007

The Board of Directors are pleased to present the unaudited results for the third quarter ended 30th September 2007.

- The gross premium written as of the third quarter ended 30th September 2007 increased by 32.47% to AED 68.651 Million as compared to AED 51.822 Million for the same period last year.
- The net underwriting income upto the third quarter ended 30th September 2007 also rose by 23.15% to AED 13.294 Million as compared to AED 10.795 Million as of 30th September 2006.
- The net profit for the period ended 30th September 2007 was AED 27.012 as compared to AED 20.150 Million for the same period last year.

Sultan Ahmed Al Habtoor
Managing Director

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

INTERIM FINANCIAL INFORMATION
SEPTEMBER 30, 2007 (UN-AUDITED)

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

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September 30, 2007

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

Introduction

We have reviewed the accompanying condensed balance sheet of Dubai National Insurance & Reinsurance P.S.C as of September 30, 2007 and the related condensed statement of income, statement of changes in equity and cash flows for the nine 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 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 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 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 financial information.



Farouk Mohamed
Insurance Registration No: 54

Dubai, United Arab Emirates
November 4, 2007

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

Condensed balance sheet at September 30, 2007 (Un-audited)

	(Un-audited) 30.09.2007 AED'000	(Audited) 31.12.2006 AED'000
Assets employed:		
Statutory deposits	15,475	15,475
Property and equipment	33,040	33,570
Investments in Property	65,292	66,309
Current assets		
Available-for-Sale Investments	240,004	284,867
Trade receivables	7,066	12,765
Other Recievables	3,081	4,023
Due from related parties	22,789	9,136
Re-insurers share of outstanding claim	42,244	48,101
Cash in hand and at banks including deposits	52,887	9,190
Total current assets	368,071	368,082
Current liabilities		
Outstanding claims provision	86,933	93,555
Unearned premium reserves	17,141	11,456
Trade and other payables	54,670	47,420
Total current liabilities	158,744	152,431
Net current assets	209,327	215,651
Total assets less current liabilities	323,134	331,005
Creditors falling due after more than one year	(932)	(921)
Net assets	322,202	330,084
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	(102,249)	(97,380)
Retained earnings	29,451	32,464
Net Shareholders' equity	322,202	330,084

These interim financial information were approved by the Boad of Directors on 4 November 2007 and signed on their behalf by:

Sultan Ahmed Al Habtoor
Managing Director

Mohammed Khalaf Al Habtoor
Director

The notes on page 6 form an integral part of these Interim financial information.

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

Condensed income Statement
for the period ended September 30, 2007 (Un-audited)

	(Un-audited) Nine months ended September 30 2007 AED'000	(Un-audited) Nine months ended September 30 2006 AED'000	(Un-audited) Three months ended September 30 2007 AED'000	(Un-audited) Three months ended September 30 2006 AED'000
Gross premium	68,651	51,822	28,574	21,928
Reinsurance share	(40,763)	(29,758)	(12,673)	(8,800)
Net premium	27,888	22,064	15,901	13,128
Net transfer (to)/from unearned premium reserve	(5,685)	6,964	(8,195)	(4,441)
Net premium earned	22,203	29,028	7,706	8,687
Commission earned	4,430	2,772	1,325	553
Commission paid	(2,787)	(2,242)	(949)	(824)
Others	284	626	71	319
Gross underwriting income	24,130	30,184	8,153	8,735
Gross claims paid	24,131	56,688	6,730	33,726
Reinsurance share	(12,530)	(23,053)	(2,722)	(14,765)
Net claims paid	11,601	33,635	4,008	18,961
Provision for outstanding claims	(6,622)	(35,532)	97	(27,119)
Reinsurance share of outstanding claims	5,857	21,286	(751)	13,286
Net claims incurred	10,836	19,389	3,354	5,128
Net underwriting income	13,294	10,795	4,799	3,607
Income from investment	8,350	7,305	2,764	1,951
Income from investment property	5,648	4,126	1,890	1,520
Other income	5,001	2,699	1,950	1,024
Gross income	32,293	24,925	11,403	8,102
General and administrative expenses	(5,281)	(4,775)	(1,909)	(1,710)
Net profit for the period	27,012	20,150	9,494	6,392
Earnings per share:				
Basic and diluted earnings per share (for the period)	<u>AED 0.27</u>	<u>AED 0.20</u>	<u>AED 0.09</u>	<u>AED 0.06</u>

The notes on page 6 form an integral part of these Interim financial information.

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C

Dubai - United Arab Emirates

**Condensed statement of changes in Shareholders' equity
for the period ended September 30, 2007 (Un-audited)**

	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 nine months period	-	-	-	-	-	20,150	20,150
Dividend paid	-	-	-	-	-	(75,000)	(75,000)
Net unrealized losses on investments	-	-	-	-	(128,579)	-	(128,579)
As at September 30, 2006 (Un-audited)	<u>100,000</u>	<u>50,000</u>	<u>25,000</u>	<u>220,000</u>	<u>(49,831)</u>	<u>23,670</u>	<u>368,839</u>
Net profit for the three months period	-	-	-	-	-	10,030	10,030
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)	<u>100,000</u>	<u>50,000</u>	<u>25,000</u>	<u>220,000</u>	<u>(97,380)</u>	<u>32,464</u>	<u>330,084</u>
Net profit for the nine months period	-	-	-	-	-	27,012	27,012
Dividends Paid*	-	-	-	-	-	(30,000)	(30,000)
Adjustment arising on translation of operating assets and liabilities of overseas branch	-	-	-	-	-	(25)	(25)
Net unrealized losses on investments	-	-	-	-	(4,869)	-	(4,869)
As at September 30, 2007 (Un-audited)	<u>100,000</u>	<u>50,000</u>	<u>25,000</u>	<u>220,000</u>	<u>(102,249)</u>	<u>29,451</u>	<u>322,202</u>

* 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.

The notes on page 6 form an integral part of these Interim financial information.

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C
Condensed Cash flow statement
for the period ended September 30, 2007 (Un-audited)

	Un-audited 9 Months ended September 30, 2007 AED'000	Un-audited 9 Months ended September 30, 2006 AED'000
Operating activities		
Net profit for the period	27,012	20,150
Adjustments for,		
Depreciation on property and equipment	648	655
Depreciation on investment property	1,017	1,283
Gain on translation of foreign currency	(25)	-
Loss/(profit) on sale of property and equipment	2	(113)
Net transfer to employees' end-of-service benefits	11	(176)
Transfer to unearned premium	5,685	(6,958)
Provision for outstanding claims	(6,622)	(35,533)
Reinsurance share in outstanding claims	5,857	21,286
Dividend and interest on long-term deposits	(8,350)	(7,305)
Income from investment property	(5,648)	(6,260)
Operating profit / (loss) before working capital changes	19,586	(12,971)
Changes in working capital:		
Trade receivables	5,699	7,258
Other receivables	942	(335)
Trade and other payables	7,250	(23,818)
Due from related parties	(13,653)	(9,734)
Net cash generated by / (used in) operations	<u>19,824</u>	<u>(39,600)</u>
Investing activities		
Purchase of investments	(10,404)	(31,979)
Proceeds from sale of investments	50,399	-
Purchase of property and equipment	(120)	(141)
Income from investment property	5,648	6,260
Proceeds from disposal of property and equipment	-	160
Dividend and interest on long-term deposits income	8,350	7,305
Net cash generated by / (used in) investing activities	<u>53,873</u>	<u>(18,395)</u>
Financing activity		
Dividend paid	(30,000)	(75,000)
Cash used in financing activity	<u>(30,000)</u>	<u>(75,000)</u>
Net increase / (decrease) in cash and cash equivalents	43,697	(132,995)
Cash and cash equivalents on January 01	9,190	137,314
Cash and cash equivalents on September 30	<u><u>52,887</u></u>	<u><u>4,319</u></u>

The notes on page 6 form an integral part of these Interim financial information.

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim financial information (un-audited)
For the period ended September 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 January 06, 1992 with a 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 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 financial information 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 September 30, 2007.

5. Dividend income

Dividend income of AED 1,654,570 has not been recognised even though right to receive payment has been established.