

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

INTERIM FINANCIAL INFORMATION
JUNE 30, 2008 (UNAUDITED)

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

**Index to interim financial information (Unaudited)
June 30, 2008**

	Pages
Review report of Independent Auditor	1
Condensed balance sheet	2
Condensed income statement	3
Condensed statement of changes in shareholders' equity	4
Condensed statement of cash flows	5
Explanatory notes to interim financial information (unaudited)	6 - 7

Review Report of Independent Auditor**To the Shareholders of
DUBAI NATIONAL INSURANCE & REINSURANCE (P.S.C.)
Dubai - United Arab Emirates**

Public Accountants
P.O. Box 1620
Warba Centre
Deira-Abu Baker Al Siddique Road
Dubai, United Arab Emirates
Tel. : 971 (4) 2688070 (5 Lines)
Fax : 971 (4) 2694599
E-mail : info@gtuae.net
Website: www.gtuae.net

Introduction

We have reviewed the accompanying condensed balance sheet of **Dubai National Insurance & Reinsurance (P.S.C.)** as of June 30, 2008 and the related condensed statement of income, condensed statements of changes in equity and cash flows for the six months period then ended. Management is responsible for the preparation and fair 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
Registration No. 54

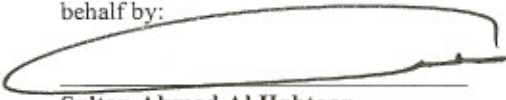
Dubai, United Arab Emirates
July 24, 2008

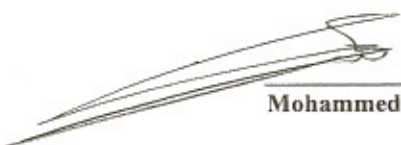
DUBAI NATIONAL INSURANCE & REINSURANCE (P.S.C.)
Dubai - United Arab Emirates

Condensed balance sheet as at June 30, 2008 (Unaudited)

	(Unaudited) 30.6.2008 AED '000	(Audited) 31.12.2007 AED '000
ASSETS		
Non-current		
Statutory deposits	15,475	15,475
Property and equipment	673	2,261
Investment property	94,666	95,577
	<u>110,814</u>	<u>113,313</u>
Current		
Investments held-to-maturity	12,100	-
Available for sale investments	338,545	360,296
Insurance receivables	21,142	13,919
Other receivables	2,129	1,084
Due from related parties	20,146	14,596
Re-insurer's share of outstanding claims	39,257	41,819
Cash in hand and at banks including deposits	26,006	52,746
	<u>459,325</u>	<u>484,460</u>
TOTAL ASSETS	<u><u>570,139</u></u>	<u><u>597,773</u></u>
EQUITY AND LIABILITIES		
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
Retained earnings	22,577	36,936
Cumulative changes in reserve on available for sale investments	(30,984)	3,583
Net equity	<u>386,593</u>	<u>435,519</u>
Liabilities		
Non-current		
Employees' end of service benefits	1,214	941
Current		
Outstanding claims provision	87,374	87,347
Unearned premium reserves	13,902	13,953
Insurance and other payables	81,056	59,785
Due to related parties	-	228
	<u>182,332</u>	<u>161,313</u>
Total liabilities	<u>183,546</u>	<u>162,254</u>
TOTAL EQUITY AND LIABILITIES	<u><u>570,139</u></u>	<u><u>597,773</u></u>

These interim financial information were approved by the Board of Directors on July 24, 2008 and signed on their behalf by:


Sultan Ahmed Al Habtoor
Managing Director


Mohammed K. Al Habtoor
Director

The notes on pages 6 to 7 form an integral part of these interim financial information.

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

Condensed income statement (Unaudited)
for the period ended June 30, 2008

	(Unaudited) Six months ended June 30, 2008 AED '000	(Unaudited) Six months ended June 30, 2007 AED '000	(Unaudited) Three months ended June 30, 2008 AED '000	(Unaudited) Three months ended June 30, 2007 AED '000
Gross premium	65,731	40,078	33,958	15,807
Reinsurance share	(45,214)	(28,090)	(24,727)	(12,395)
Net premium	<u>20,517</u>	<u>11,988</u>	<u>9,231</u>	<u>3,412</u>
Net transfer from unearned premium reserves	51	2,509	2,157	3,994
Net premium earned	<u>20,568</u>	<u>14,497</u>	<u>11,388</u>	<u>7,406</u>
Commission earned	5,016	3,105	2,222	1,199
Commission paid	(4,667)	(1,838)	(3,352)	(716)
Others	149	214	149	173
Gross underwriting income	<u>21,066</u>	<u>15,978</u>	<u>10,407</u>	<u>8,062</u>
Gross claims paid	12,019	17,401	6,221	11,647
Reinsurance share	(6,428)	(9,808)	(3,177)	(7,162)
Net claims paid	<u>5,591</u>	<u>7,593</u>	<u>3,044</u>	<u>4,485</u>
Provision for outstanding claims	24	(6,719)	1,319	(6,243)
Reinsurance share of outstanding claims	2,563	6,609	(296)	6,225
Net claims incurred	<u>8,178</u>	<u>7,483</u>	<u>4,067</u>	<u>4,467</u>
Net underwriting income	<u>12,888</u>	<u>8,495</u>	<u>6,340</u>	<u>3,595</u>
Income from investment	4,968	5,586	4,124	4,133
Income from investment property	8,169	6,806	4,473	3,646
Other (expense)/income	(574)	2	42	2
Gross income	<u>25,451</u>	<u>20,889</u>	<u>14,979</u>	<u>11,376</u>
General and administrative expenses	(4,808)	(3,370)	(2,661)	(1,610)
Net profit for the period	<u><u>20,643</u></u>	<u><u>17,519</u></u>	<u><u>12,318</u></u>	<u><u>9,766</u></u>
Earnings per share:				
Basic and diluted earnings per share (for the period)	<u>AED 0.21</u>	<u>AED 0.18</u>	<u>AED 0.12</u>	<u>AED 0.10</u>

The notes on pages 6 to 7 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 June 30, 2008 (Unaudited)**

	Share capital AED '000	Legal reserve AED '000	Obligatory reserve AED '000	General reserve AED '000	Retained earnings AED '000	Cumulative changes in reserve on available for sale investments AED '000	Total AED '000
As at January 1, 2007 (Audited)	100,000	50,000	25,000	220,000	32,464	(97,380)	330,084
Net profit for the 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 gains on investments	-	-	-	-	-	5,590	5,590
As at June 30, 2007 (Unaudited)	100,000	50,000	25,000	220,000	19,958	(91,790)	323,168
Net profit for the period	-	-	-	-	18,531	-	18,531
Directors' remuneration	-	-	-	-	(1,553)	-	(1,553)
Net unrealized gains on investments	-	-	-	-	-	95,373	95,373
As at December 31, 2007 (Audited)	100,000	50,000	25,000	220,000	36,936	3,583	435,519
Net profit for the period	-	-	-	-	20,643	-	20,643
Dividends *	-	-	-	-	(35,000)	-	(35,000)
Adjustment arising on translation of operating assets and liabilities of overseas branch	-	-	-	-	(2)	-	(2)
Net unrealized losses on investments	-	-	-	-	-	(34,567)	(34,567)
As at June 30, 2008 (Unaudited)	<u>100,000</u>	<u>50,000</u>	<u>25,000</u>	<u>220,000</u>	<u>22,577</u>	<u>(30,984)</u>	<u>386,593</u>

* At the Annual General Meeting held on March 16, 2008, for the year ended December 31, 2007, the shareholders approved cash dividend of AED 35,000,000 representing 35% of share capital.

The notes on pages 6 to 7 form an integral part of these interim financial information.

DUBAI NATIONAL INSURANCE & REINSURANCE (P.S.C.)

Dubai - United Arab Emirates

**Condensed cash flow statement
for the period ended June 30, 2008 (Unaudited)**

	Unaudited Six months ended June 30, 2008 AED '000	Unaudited Six months ended June 30, 2007 AED '000
Cash flows from operating activities		
Net profit for the period	20,643	17,519
Adjustments for,		
Depreciation on property and equipment	200	429
Depreciation on investment property	912	676
Currency translation	(2)	(25)
Loss on sale of property and equipment	574	2
Net transfer to employees' end of service benefits	273	41
Transfer to unearned premium	(51)	(2,509)
Provision for outstanding claims	24	(6,718)
Reinsurance share in outstanding claims	2,563	6,609
Dividend and interest on long-term deposits	(4,968)	5,586
Income from investment property - net	(9,082)	5,171
Operating profit before working capital changes	11,086	26,781
Changes in working capital:		
Insurance receivables	(7,223)	1,729
Other receivables	(1,045)	814
Insurance and other payables	21,271	6,602
Due from related parties - net	(5,778)	(612)
Net cash provided by operating activities	18,311	35,314
Cash flows from investing activities		
Purchase of available for sale and held-to-maturity investments	(24,916)	-
Proceeds from sale of investments	-	50,396
Purchase of property and equipment	(240)	(107)
Proceeds from disposals of property and equipment	1,055	-
Income from investment property - net	9,082	(5,171)
Dividend and interest on long-term deposits income	4,968	(5,586)
Net cash (used in) / provided by investing activities	(10,051)	39,532
Cash flows from financing activity		
Dividend paid	(35,000)	(30,000)
Cash used in financing activity	(35,000)	(30,000)
Net (decrease) / increase in cash and cash equivalents	(26,740)	44,846
Cash and cash equivalents as on January 1,	52,746	9,190
Cash and cash equivalents as on June 30,	26,006	54,036

The notes on pages 6 to 7 form an integral part of these interim financial information.

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

Notes to the interim financial information (Unaudited)
for the period ended June 30, 2008

1. Legal status and activities

a) Dubai National Insurance & Reinsurance (P.S.C.) (the "Company") is a public shareholding company incorporated in Dubai on January 6, 1992 with a branch in Beirut, Lebanon.

b) 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.

c) The registered address of the Company is at 2nd Floor, Al Habtoor Motors Building, P.O. Box 1806, Dubai, U.A.E.

d) 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 Standards (Specifically IAS - 34, "Interim Financial Reporting"). In addition to the investments held-to-maturity and the dividend income as stated in note 5 below, 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 December 31, 2007.

Investments held-to-maturity

Held-to-maturity investments are profit participation note with fixed maturity that the Company has the intent and ability to hold to maturity are stated at amortised cost less impairment losses, if any.

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.

DUBAI NATIONAL INSURANCE & REINSURANCE (P.S.C.)

4. Contingent liabilities

The Company's bankers have issued in the normal course of business, letters of guarantee in favour of third parties amounting to AED 7.9 million (December 31, 2007: AED 7.9 million) which are secured by way of deposit held.

5. Dividend income

Dividend income of AED 3,526,187 has not been recognised even though the right to receive payment has been established.

6. Subsequent event

With effect from July 8, 2008, the registered address of the Company has been changed from 2nd Floor, Al Habtoor Motors Building, P.O. Box 1806, Dubai, U.A.E. to Office no. 104- 107, Aghaadir Building, Al Mankhool Road, Bur Dubai, P.O. Box 1806, Dubai, U.A.E.