



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

INTERIM CONDENSED FINANCIAL INFORMATION
SEPTEMBER 30, 2008 (UN-AUDITED)

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

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September 30, 2008

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

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Introduction

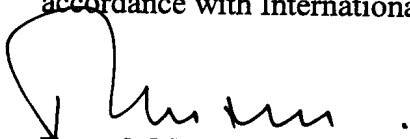
We have reviewed the accompanying interim condensed balance sheet of Dubai National Insurance & Reinsurance P.S.C (the "Company") as of September 30, 2008 and the related interim condensed income statement, interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flows for the nine months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed 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 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 Accounting Standard No 34.



Farouk Mohamed
Insurance Registration No: 54

Dubai, United Arab Emirates
November 03, 2008

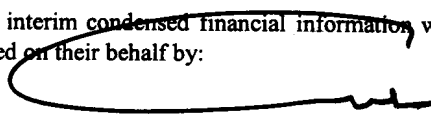
DUBAI NATIONAL INSURANCE & REINSURANCE (P.S.C.)

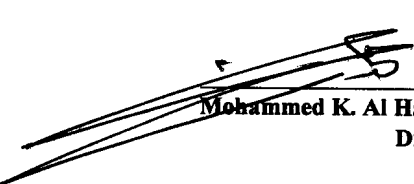
Dubai - United Arab Emirates

Interim condensed balance sheet as at September 30, 2008 (Unaudited)

	Notes	(Unaudited) September 30, 2008 AED '000	(Audited) December 31, 2007 AED '000
ASSETS			
Non-current			
Statutory deposits	3	17,975	15,475
Property and equipment		2,059	2,261
Investment property	4	94,204	95,577
		<u>114,238</u>	<u>113,313</u>
Current			
Investments held-to-maturity	5	12,100	-
Available for sale investments	6	240,723	360,296
Insurance receivables		14,507	13,919
Other receivables		1,991	1,084
Due from related parties		24,122	14,596
Re-insurer's share of outstanding claims		42,307	41,819
Cash and bank	7	30,273	52,746
		<u>366,023</u>	<u>484,460</u>
TOTAL ASSETS		<u><u>480,261</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		34,827	36,936
Fair value reserve on available for sale investments		(128,806)	3,583
Net equity		<u>301,021</u>	<u>435,519</u>
Liabilities			
Non-current			
Employees' end of service benefits		1,257	941
Current			
Outstanding claims provision		91,348	87,347
Unearned premium reserves		14,737	13,953
Insurance and other payables		71,886	59,785
Due to related parties		12	228
		<u>177,983</u>	<u>161,313</u>
Total liabilities		<u>179,240</u>	<u>162,254</u>
TOTAL EQUITY AND LIABILITIES		<u><u>480,261</u></u>	<u><u>597,773</u></u>

This interim condensed financial information was approved by the Board of Directors on November 03, 2008 and signed on their behalf by:


Sultan Ahmed Al Habtoor
Managing Director


Mohammed K. Al Habtoor
Director

The notes on pages 6 to 9 form an integral part of this interim condensed financial information.


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

Interim condensed income statement
for the period ended September 30, 2008 (Un-audited)

	(Un-audited) Nine months ended September 30, 2008 AED'000	(Un-audited) Nine months ended September 30, 2007 AED'000	(Un-audited) Three months ended September 30, 2008 AED'000	(Un-audited) Three months ended September 30, 2007 AED'000
Gross premium	91,560	68,651	25,829	28,574
Reinsurance share of premium	(58,797)	(40,763)	(13,583)	(12,673)
Net premium	32,763	27,888	12,246	15,901
Net transfer (to)/from unearned premium reserve	(784)	(5,685)	(835)	(8,195)
Net premium earned	31,979	22,203	11,411	7,706
Commission earned	7,361	4,430	2,345	1,325
Commission paid	(6,913)	(2,787)	(2,246)	(949)
Others	305	284	156	71
Gross underwriting income	32,732	24,130	11,666	8,153
Gross claims paid	20,361	24,131	8,342	6,730
Reinsurance share	(9,659)	(12,530)	(3,231)	(2,722)
Net claims paid	10,702	11,601	5,111	4,008
Provision for outstanding claims	3,999	(6,622)	3,975	97
Reinsurance share of outstanding claims	(486)	5,857	(3,049)	(751)
Net claims incurred	14,215	10,836	6,037	3,354
Net underwriting income	18,517	13,294	5,629	4,799
Income from investment	9,209	8,350	2,478	2,764
Income from investment property	12,769	10,651	4,599	3,844
Other (charges)/income	(126)	(2)	448	(4)
Gross income	40,369	32,293	13,154	11,403
General and administrative expenses	(7,476)	(5,281)	(2,668)	(1,909)
Net profit for the period	32,893	27,012	10,486	9,494
Earnings per share:				
Basic and diluted earnings per share	<u>AED 0.33</u>	<u>AED 0.27</u>	<u>AED 0.10</u>	<u>AED 0.09</u>

The notes on pages 6 to 9 form an integral part of this interim condensed financial information.

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

Interim condensed statement of changes in shareholders' equity
for the period ended September 30, 2008 (Un-audited)

	Share capital AED'000	Legal reserve AED'000	Obligatory reserve AED'000	General reserve AED'000	Fair value reserve on available for sale investments AED'000	Retained earnings AED'000	Total AED'000
As at 1 January 2007 (Audited)	100,000	50,000	25,000	220,000	(97,380)	32,464	330,084
Net profit for the nine months period	-	-	-	-	-	27,012	27,012
Dividend 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)	100,000	50,000	25,000	220,000	(102,249)	29,451	322,202
Net profit for the three months period	-	-	-	-	-	9,038	9,038
Distribution to directors	-	-	-	-	-	(1,553)	(1,553)
Net unrealized losses on investments	-	-	-	-	105,832	-	105,832
As at 31 December 2007 (Audited)	100,000	50,000	25,000	220,000	3,583	36,936	435,519
Net profit for the nine months period	-	-	-	-	-	32,893	32,893
Dividends paid*	-	-	-	-	-	(35,000)	(35,000)
Adjustment arising on translation of operating assets and liabilities of overseas branch	-	-	-	-	-	(2)	(2)
Net unrealized losses on investments	-	-	-	-	(132,389)	-	(132,389)
As at September 30, 2008 (Un-audited)	100,000	50,000	25,000	220,000	(128,806)	34,827	301,021

* At 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 9 form an integral part of this interim condensed financial information.

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C
Interim condensed statement of cash flows
for the period ended September 30, 2008 (Un-audited)

	(Un-audited) 9 Months ended September 30, 2008 AED'000	(Un-audited) 9 Months ended September 30, 2007 AED'000
Operating activities		
Net profit for the period	32,893	27,012
Adjustments for,		
Depreciation on property and equipment	338	648
Depreciation on investment property	1,373	1,017
Gain on translation of foreign currency	(2)	(25)
Loss/(profit) on sale of property and equipment	126	2
Net transfer to employees' end-of-service benefits	316	11
Transfer to unearned premium	784	5,685
Provision for outstanding claims	4,001	(6,622)
Reinsurance share in outstanding claims	(488)	5,857
Dividend and interest on long-term deposits	(9,209)	(8,350)
Income from investment property	(12,769)	(5,648)
Operating profit before working capital changes	<u>17,363</u>	<u>19,586</u>
Changes in working capital:		
Insurance receivables	(588)	5,699
Other receivables	(907)	942
Insurance and other payables	12,101	7,250
Due from related parties	(9,742)	(13,653)
Net cash generated from operations	<u>18,227</u>	<u>19,824</u>
Investing activities		
Purchase of investments	(24,916)	(10,404)
Proceeds from sale of investments	-	50,399
Purchase of property and equipment	(1,878)	(120)
Income from investment property	12,769	5,648
Proceeds from disposal of property and equipment	1,616	-
Dividend and interest on long-term deposits income	9,209	8,350
Net cash (used in)/generated from investing activities	<u>(3,200)</u>	<u>53,873</u>
Financing activities		
Increase in statutory deposit	(2,500)	-
Dividend paid	(35,000)	(30,000)
Cash used in financing activities	<u>(37,500)</u>	<u>(30,000)</u>
Net increase / (decrease) in cash and cash equivalents	(22,473)	43,697
Cash and cash equivalents on January 01	52,746	9,190
Cash and cash equivalents on September 30	<u>30,273</u>	<u>52,887</u>

The notes on pages 6 to 9 form an integral part of this interim condensed financial information.

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
For the period ended September 30, 2008

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.

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 Mankool Road, Bur Dubai, P.O Box 1806, Dubai, U.A.E.

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 information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2007.

Accounting policies related to investments have been disclosed along with related quantitative disclosures as required by Securities and Commodities Authority of the UAE.

a) Investments

Investments held-to-maturity

Held-to-maturity investments, which are debt investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are stated at amortised cost less any impairment losses.

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
September 30, 2008

Significant accounting policies (continued)

Available for sale investments

Investments in securities are classified as available for sale. They are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, quoted securities are measured at fair value, with unrealised gains or losses reported within the fair value reserve, and shown as part of shareholders' equity until the investment is derecognised. On de-recognition, the cumulative gain or loss previously reported in equity is included in the income statement for the period.

Fair value cannot reliably be measured for unquoted securities. Such investments are measured at cost less provision for impairment, if any. At the time of de-recognition, the provision, if any, relating to the securities is recognised as income.

b) Investment property

Investment property is measured as per Cost Model and are carried net of accumulated depreciation. Depreciation is determined on a straight-line basis over the estimated useful life of the property which is considered to be 40 years.

3. Statutory deposit

	(Un-audited) September 30, 2008 AED'000	(Audited) December 31, 2007 AED'000
Held with a local bank in Dubai	10,000	7,500
Held with bank outside UAE	7,975	7,975
	<u>17,975</u>	<u>15,475</u>

Statutory deposits held in UAE is in accordance with Article 41 of the UAE Federal Law No 9 of 1984 (as amended) relating to insurance companies & brokers and cannot be withdrawn from the Ministry of Economy and Planning. The Deposit amount was increased during the period from AED 7.5 Million to AED 10 Million as per the UAE Insurance Authority.

Statutory deposits held outside UAE represents Restricted Fixed Deposit in favour of the Ministry of Economy & Commerce, Government of Lebanon, as per law no. 31/91 of Insurance companies held under lien by bank against guarantees issued.

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
September 30, 2008

4. Investment property

	(Un-audited) September 30, 2008 AED'000	(Audited) December 31, 2007 AED'000
Within UAE		
Balance at 1 January	105,720	105,720
Accumulated depreciation	(11,516)	(10,143)
Balance at 30 September	<u>94,204</u>	<u>95,577</u>

5. Investments held-to-maturity

	(Un-audited) September 30, 2008 AED'000	(Audited) December 31, 2007 AED'000
With UAE		
Emaar profit participation note	12,100	-
	<u>12,100</u>	<u>-</u>

The investment has a maturity date of March 05, 2009.

6. Available for sale investments

	(Un-audited) September 30, 2008 AED'000	(Audited) December 31, 2007 AED'000
In UAE		
Quoted securities and funds, at cost	358,987	346,171
Cumulative changes in fair value transferred to equity	(128,806)	3,583
	<u>230,181</u>	<u>349,754</u>
Unquoted securities	18,437	18,437
Less: Provision for diminution in value	(7,895)	(7,895)
	<u>10,542</u>	<u>10,542</u>
	<u>240,723</u>	<u>360,296</u>

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
September 30, 2008

7. Cash and bank

	(Un-audited) September 30, 2008 AED'000	(Audited) December 31, 2007 AED'000
Held at UAE banks	26,388	49,564
Held with bank outside UAE	3,885	3,182
	<u>30,273</u>	<u>52,746</u>

8. Guarantees

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