

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

INTERIM CONDENSED FINANCIAL INFORMATION
MARCH 31, 2010 (UN-AUDITED)

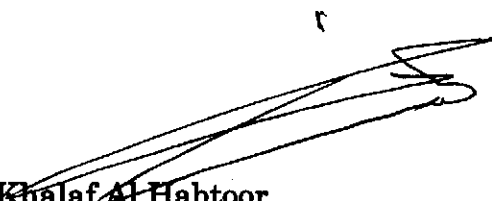


Dated : 12th May 2010

Directors' Report
For the First Quarter Ended 31st March 2010

The Board of Directors is pleased to present the unaudited results for the first quarter ended 31st March 2010.

- The gross premium written for the first quarter of 2010 is AED 52.469 Million. The net underwriting income is AED 8.092 Million for the first quarter of 2010.
- The company achieved net profit of AED 9.005 Million in the first quarter of 2010.


Mohammed Khalaf Al Habtoor
Managing Director

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

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March 31, 2010

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

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Introduction

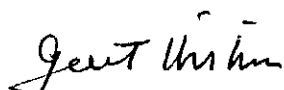
We have reviewed the accompanying interim statement of financial position of Dubai National Insurance & Reinsurance P.S.C (the "Company") as of March 31, 2010 and the related interim income statement, interim statement of comprehensive income, interim statement of changes in shareholders' equity and interim 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 presentation of this interim condensed financial information in accordance with International Accounting Standard 34 "Interim financial reporting". 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 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 34 "Interim financial reporting".



Grant Thornton
Farouk Mohamed
Insurance Registration No: 54

Dubai, United Arab Emirates
May 05, 2010

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

Dubai - United Arab Emirates

Interim condensed statement of financial position as at March 31, 2010

	Notes	(Unaudited) March 31, 2010 AED '000	(Audited) December 31, 2009 AED '000
ASSETS			
Non-current			
Statutory deposits	3	10,268	13,194
Property and equipment		2,312	2,481
Investment property	4	92,080	92,535
		<u>104,660</u>	<u>108,210</u>
Current			
Financial assets	5	112,632	109,683
Insurance receivables		66,749	50,327
Other receivables		3,144	1,328
Due from related parties		20,365	13,646
Re-insurer's share of outstanding claims		309,040	308,088
Cash in hand and at banks including deposits	6	55,782	55,979
		<u>567,712</u>	<u>539,051</u>
TOTAL ASSETS		<u><u>672,372</u></u>	<u><u>647,261</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		55,840	46,835
Cumulative changes in reserve on available for sale investments		(258,967)	(261,916)
Net equity		<u>191,873</u>	<u>179,919</u>
Liabilities			
Non-current			
Employees' end of service benefits		1,432	1,288
Current			
Outstanding claims provision		337,329	338,665
Technical provisions		43,621	45,774
Insurance payables		83,108	65,295
Other payables		14,921	16,232
Due to related parties		88	88
		<u>479,067</u>	<u>466,054</u>
Total liabilities		<u>480,499</u>	<u>467,342</u>
TOTAL EQUITY AND LIABILITIES		<u><u>672,372</u></u>	<u><u>647,261</u></u>

This interim condensed financial information was approved by the Board of Directors on May 05, 2010 and signed on their behalf by:

Sultan Ahmed Al Habtoor
Vice Chairman

Mohammed K. Al Habtoor
Managing Director

The notes on pages 7 to 11 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 March 31, 2010

	(Un-audited) Three months ended March 31, 2010 AED'000	(Un-audited) Three months ended March 31, 2009 AED'000
Gross premium	52,469	65,019
Reinsurance share of premium	(36,408)	(43,732)
Net premium	<u>16,061</u>	<u>21,287</u>
Net transfer to unearned premium reserve	1,705	(3,371)
Net premium earned	<u>17,766</u>	<u>17,916</u>
Commission earned	3,954	4,380
Commission paid	(5,080)	(6,776)
Others	39	177
Gross underwriting income	<u>16,679</u>	<u>15,697</u>
 Gross claims paid	 31,244	 13,170
Reinsurance share	(19,921)	(8,031)
Net claims paid	<u>11,323</u>	<u>5,139</u>
Provision for outstanding claims and technical provisions	(1,783)	77,035
Reinsurance share of outstanding claims	(953)	(76,333)
Net claims incurred	<u>8,587</u>	<u>5,841</u>
 Net underwriting income	 8,092	 9,856
Income from investment	1,061	821
Income from investment property	3,603	4,429
Other income	38	-
Gross income	<u>12,794</u>	<u>15,106</u>
General and administrative expenses	(3,789)	(3,117)
 Net profit for the period	 <u><u>9,005</u></u>	 <u><u>11,989</u></u>
 Earnings per share:		
Basic and diluted (note 7)	<u><u>AED 0.08</u></u>	<u><u>AED 0.11</u></u>

The notes on pages 7 to 11 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 comprehensive income
for the period ended March 31, 2010

	(Un-audited) Three months ended March 31, 2010 AED'000	(Un-audited) Three months ended March 31, 2009 AED'000
Net profit for the period	9,005	11,989
Other comprehensive income		
Net unrealized profit on investments	2,949	1,702
Total comprehensive income for the period	<u>11,954</u>	<u>13,691</u>

The notes on pages 7 to 11 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 March 31, 2010**

	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 2009 (Audited)	100,000	50,000	25,000	220,000	(284,338)	43,539	154,201
Transactions with shareholders							
Proposed Dividend						(40,000)	(40,000)
Total comprehensive income (expense) for the period							
As at March 31, 2009 (Un-audited)	-	-	-	-	1,702	11,989	13,691
Transactions with shareholders	100,000	50,000	25,000	220,000	(282,636)	15,528	127,892
Directors' remuneration	-	-	-	-	-	(2,016)	(2,016)
Adjustment arising on translation of operating assets and liabilities of overseas branch	-	-	-	-	-	(3)	(3)
Total comprehensive income (expense) for the period	-	-	-	-	20,720	33,326	54,046
As at 31 December 2009 (Audited)	100,000	50,000	25,000	220,000	(261,916)	46,835	179,919
Transactions with shareholders							
Total comprehensive income (expense) for the period							
As at March 31, 2010 (Un-audited)	-	-	-	-	2,949	9,005	11,954
Transactions with shareholders	100,000	50,000	25,000	220,000	(258,967)	55,840	191,873

* At the Annual General Meeting held on April 14, 2010, for the year ended December 31, 2009 the shareholders approved a cash dividend of AED 30,000,000 (2008: 40,000,000) representing 30% of paid up share capital and 10% bonus shares on the paid up share capital.

The notes on pages 7 to 11 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 March 31, 2010 (Un-audited)

	(Un-audited) 3 Months ended March 31, 2010 AED'000	(Un-audited) 3 Months ended March 31, 2009 AED'000
Operating activities		
Net profit for the period	9,005	11,989
<i>Adjustments for:</i>		
Depreciation on property and equipment	194	169
Depreciation on investment property	455	455
Net transfer to employees' end-of-service benefits	144	94
Net transfer to technical provisions	(2,153)	3,371
Provision for outstanding claims	(1,336)	77,035
Reinsurance share in outstanding claims	(952)	(76,333)
Dividend and interest on long-term deposits	(1,061)	(821)
Income from investment property	(4,058)	(4,884)
Profit on sale of assets	(38)	-
Operating profit before working capital changes	<u>200</u>	<u>11,075</u>
Changes in working capital:		
Insurance receivables	(16,422)	(15,812)
Other receivables	(1,816)	1,252
Insurance and other payables	16,502	25,272
Due from related parties	(6,719)	(8,328)
Net cash (used in)/ generated from operations	<u>(8,255)</u>	<u>13,459</u>
Investing activities		
Purchase of property and equipment	(25)	(49)
Decrease in statutory deposit	2,926	-
Income from investment property	4,058	4,884
Dividend and interest on long-term deposits income	1,061	821
Proceeds from sale of assets	38	-
Net cash generated from investing activities	<u>8,058</u>	<u>5,656</u>
Net (decrease) / increase in cash and cash equivalents	(197)	19,115
Cash and cash equivalents on 01, January	55,979	37,947
Cash and cash equivalents on 31, March	<u><u>55,782</u></u>	<u><u>57,062</u></u>

The notes on pages 7 to 11 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 March 31, 2010

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 Dubai National Insurance Building, Floor 7 & 9, Port Saeed, 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. Major guarantees have been released by Ministry of Economic & Commerce, Insurance Affairs Department in Lebanon in pursuant to letter number 211 dated January 28, 2010. The remaining guarantee is 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, 2009.

(a) Adoption of new and revised standards

The following new Standards and Interpretations have become mandatory and have been adopted by the Company:

1. IFRS 3 (Revised) Business Combinations
2. IAS 27 (Amended) Consolidated and Separate Financial Statements
3. IAS 7 Statement of Cash Flows: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements
4. IAS 28 Investments in Associates: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements
5. IAS 31 Interests in Joint Ventures: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements
6. IAS 12 Income Taxes – consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements
7. Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
8. IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
March 31, 2010

2. Significant accounting policies (continued)

(a) Adoption of new and revised standards (continued)

The adoption of these Standards and Interpretations has not led to any changes in the Company's accounting policies except certain changes in disclosures and terminologies.

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

b) Financial assets

Available-for-sale investment

Investments in securities are classified as available for sale. They are initially recognised at fair value, which is equivalent to consideration given and acquisition charges associated with the investment.

After initial recognition, quoted securities are measured at fair value, with unrealised gains or losses reported through 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 that period.

c) 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.

d) Critical accounting estimates and judgements in applying accounting policy

The company makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimation of the ultimate liability (both technical and outstanding claims) arising from claims made under insurance contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events.

Management reviews the provision for doubtful debts at each reporting date by assessing the recoverability of insurance receivables.

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
March 31, 2010

3. Statutory deposit

	(Un-audited) March 31, 2010 AED'000	(Audited) December 31, 2009 AED'000
Held with a local bank in Dubai	10,000	10,000
Held with bank outside UAE	268	3,194
	<u>10,268</u>	<u>13,194</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.

Statutory deposits held outside UAE represent 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.

4. Investment property

Within UAE		
Balance at 1 January	105,721	105,721
Accumulated depreciation	(13,641)	(13,186)
Balance at 31 March /December	<u>92,080</u>	<u>92,535</u>

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
March 31, 2010

5. Financial assets

	(Un-audited) March 31, 2010 AED'000	(Audited) December 31, 2009 AED'000
Available for sale		
In UAE		
<i>Quoted securities and funds, at cost</i>	361,057	361,057
Cumulative changes in fair value transferred to equity	(258,967)	(261,916)
	<u>102,090</u>	<u>99,141</u>
In UAE		
<i>Unquoted securities</i>	18,437	18,437
Less: Provision for diminution in value	(7,895)	(7,895)
	<u>10,542</u>	<u>10,542</u>

6. Cash in hand and at banks including deposits

Held at UAE banks	55,762	55,483
Held with bank outside UAE	20	496
	<u>55,782</u>	<u>55,979</u>

7. Earning per share

Basic and diluted

Net profit for the year AED '000'	9,005	11,989
Weighted average number of shares outstanding	100,000,000	100,000,000
Bonus issues @ 10% of paid up capital	10,000,000	10,000,000
Total number of shares outstanding	<u>110,000,000</u>	<u>110,000,000</u>
Earning per share basic and diluted (AED)	<u>0.08</u>	<u>0.11</u>

At Annual General Meeting held on April 14, 2010, for the year ended December 31, 2009 the shareholders approved bonus shares representing 10% of paid up share capital.

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
March 31, 2010

8. Segment information

a) Primary Segment Information

	(Un- audited) March 31, 2010			(Un-audited) March 31, 2009		
		AED'000			AED'000	
	General business	Life & Health	Total	General business	Life & Health	Total
Gross Premium written	22,392	30,077	52,469	23,273	41,746	65,019
Net Underwriting income	3,134	4,958	8,092	5,733	4,123	9,856

b) Secondary segment information

The Company's business is mainly conducted within the UAE.

9. Contingencies

The Company's bankers have issued in the normal course of business letter of guarantee in favour of third parties amounting to AED 0.268 million (December 31, 2009: AED 3.2 million) which were secured by way of deposits held.

Al Habtoor Motors (A related party) has commenced legal proceedings against the company in respect of the claim of AED 217 million for the damages of vehicles as a result of the hailstorm that took place on 25th, 26th March 2009. This case was instituted in 2009 as mentioned above and has the same status as of year end. Although there is a legal dispute with some reinsurers who have commenced declaratory proceedings seeking a decision on scope of cover under their reinsurance contracts. Management believes that the company's recovery rights are protected as the company has adequate reinsurance contracts to cover its insurance position.