



Dated : 11th August 2010

Directors' Report
For the Half Year Ended 30th June 2010

The Board of Directors is pleased to present the unaudited results for the half year ended 30th June 2010.

- The gross premium written for the half year ended 30th June 2010 is AED 82.300 Million and the net underwriting income is AED 12.729 Million.
- The company achieved net profit of AED 18.074 Million for the half year ended 30th June 2010.


Mohammed Khalaf Al Habtoor
Managing Director

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

INTERIM CONDENSED FINANCIAL INFORMATION
JUNE 30, 2010 (UN-AUDITED)

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

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June 30, 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

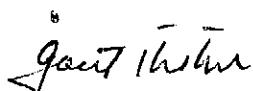
We have reviewed the accompanying interim statement of financial position of Dubai National Insurance & Reinsurance P.S.C (the "Company") as of June 30, 2010 and the related interim income statement, interim statement of comprehensive income, interim statement of changes in shareholders' equity and interim statement of cash flows for the six 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
August 09, 2010

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

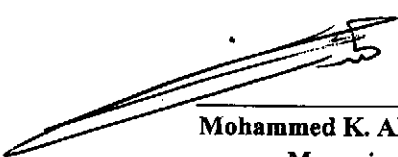
Dubai - United Arab Emirates

Interim statement of financial position as at June30, 2010

	Notes	(Unaudited) June 30,2010 AED '000	(Audited) December 31, 2009 AED '000
ASSETS			
Non-current			
Statutory deposits	3	10,268	13,194
Property and equipment		2,292	2,481
Investment property	4	91,619	92,535
		<u>104,179</u>	<u>108,210</u>
Current			
Financial assets	5	90,349	109,683
Insurance receivables		47,697	50,327
Other receivables		2,025	1,328
Due from related parties		16,876	13,646
Re-insurer's share of outstanding claims		312,344	308,088
Cash in hand and at banks including deposits	6	37,596	55,979
		<u>506,887</u>	<u>539,051</u>
TOTAL ASSETS		<u><u>611,066</u></u>	<u><u>647,261</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		110,000	100,000
Legal reserve		50,000	50,000
Obligatory reserve		25,000	25,000
General reserve		220,000	220,000
Retained earnings		24,911	46,835
Fair value reserve on available for sale investments		(281,250)	(261,916)
Net equity		<u>148,661</u>	<u>179,919</u>
Liabilities			
Non-current			
Employees' end of service benefits		<u>1,566</u>	<u>1,288</u>
Current			
Outstanding claims provision		338,824	338,665
Technical provisions		39,122	45,774
Insurance payables		69,868	65,295
Other payables		12,988	16,232
Due to related parties		37	88
		<u>460,839</u>	<u>466,054</u>
Total liabilities		<u>462,405</u>	<u>467,342</u>
TOTAL EQUITY AND LIABILITIES		<u><u>611,066</u></u>	<u><u>647,261</u></u>

This interim condensed financial information was approved by the Board of Directors on August 09, 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.





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

**Interim income statement
for the period ended June 30, 2010**

	(Un-audited) Six months ended June 30 2010 AED'000	(Un-audited) Six months ended June 30 2009 AED'000	(Un-audited) Three months ended June 30 2010 AED'000	(Un-audited) Three months ended June 30 2009 AED'000
Gross premium	82,300	104,547	29,831	39,528
Reinsurance share of premium	(60,335)	(73,867)	(23,927)	(30,135)
Net premium	21,965	30,680	5,903	9,393
Net transfer to unearned premium reserve	6,334	(516)	4,629	2,855
Net premium earned	28,299	30,164	10,532	12,248
Commission earned	7,696	9,481	3,742	5,101
Commission paid	(7,477)	(10,280)	(2,397)	(3,504)
Others	257	556	218	379
Gross underwriting income	28,775	29,921	12,096	14,224
Gross claims paid	59,866	30,453	28,622	17,283
Reinsurance share	(39,406)	(20,169)	(19,485)	(12,138)
Net claims paid	20,460	10,284	9,137	5,145
Provision for outstanding claims and technical provisions	(158)	125,114	1,625	48,079
Reinsurance share of outstanding claims	(4,256)	(123,706)	(3,304)	(47,373)
Net claims incurred	16,046	11,692	7,458	5,851
Net underwriting income	12,729	18,229	4,638	8,373
Income from investment	5,996	6,585	4,935	5,764
Income from investment property	7,193	8,435	3,590	4,006
Other charges	38	(891)	(0)	(891)
Gross income	25,956	32,358	13,162	17,252
General and administrative expenses	(7,882)	(6,351)	(4,093)	(3,234)
Net profit for the period	18,074	26,007	9,069	14,018
Earnings per share:				
Basic and diluted	<u>AED 0.16</u>	<u>AED 0.24</u>	<u>AED 0.08</u>	<u>AED 0.13</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 statement of comprehensive income
for the period ended June 30, 2010**

	(Un-audited) Six months ended June 30 2010 AED'000	(Un-audited) Six months ended June 30 2009 AED'000	(Un-audited) Three months ended June 30 2010 AED'000	(Un-audited) Three months ended June 30 2009 AED'000
Net profit for the period	18,074	26,007	9,069	14,018
Other comprehensive income				
Net unrealized profit/(losses) on investments	(19,334)	18,076	(22,284)	16,374
Translation of operating assets and liabilities of overseas branch	2	-	-	-
Total comprehensive (loss)/ income for the period	<u>(1,258)</u>	<u>44,083</u>	<u>(13,215)</u>	<u>30,392</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 statement of changes in shareholders' equity
for the period ended June 30, 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 owners							
Dividend Paid	-	-	-	-	-	(40,000)	(40,000)
Total comprehensive income for the period					18,076	26,007	44,083
As at June 30, 2009 (Un-audited)	100,000	50,000	25,000	220,000	(266,262)	29,546	158,284
Transactions with owners							
Directors' remuneration	-	-	-	-	-	(2,016)	(2,016)
Adjustment arising on translation of operating assets and liabilities of overseas branch	-	-	-	-	-	(3)	(3)
Total comprehensive income for the period					4,346	19,308	23,654
As at 31 December 2009 (Audited)	100,000	50,000	25,000	220,000	(261,916)	46,835	179,919
Transactions with owners							
Dividend paid	10,000	-	-	-	-	(30,000)	(30,000)
Bonus issue	-	-	-	-	-	(10,000)	-
Adjustment arising on translation of operating assets and liabilities of overseas branch	110,000	50,000	25,000	220,000	(261,916)	6,835	149,919
Total comprehensive income for the period					(19,334)	2	2
As at June 30, 2010 (Un-audited)	110,000	50,000	25,000	220,000	(281,250)	24,911	148,661

* At Annual General Meeting held on April, 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 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 statement of cash flows
for the period ended June 30, 2010 (Un-audited)

	(Un-audited) six Months ended June 30, 2010 AED'000	(Un-audited) six Months ended June 30, 2009 AED'000
Operating activities		
Net profit for the period	18,074	26,007
Adjustments for,		
Depreciation on property and equipment	388	338
Property and equipment written off	-	891
Depreciation on investment property	916	916
Profit on sale of property and equipment	(38)	-
Net transfer to employees' end-of-service benefits	278	(83)
Transfer to unearned premium	(6,334)	516
Provision for outstanding claims and technical provision	(158)	125,114
Reinsurance share in outstanding claims	(4,256)	(123,706)
Dividend and interest on long-term deposits	(5,996)	(6,585)
Income from investment property	(8,109)	(9,351)
Operating (loss)/ profit before working capital changes	<u>(5,235)</u>	<u>14,057</u>
Changes in working capital:		
Insurance receivables	2,630	(11,379)
Other receivables	(697)	60
Insurance and other payables	1,329	35,277
Due from related parties	(3,281)	(8,395)
Net cash (utilised)/ generated from operations	<u>(5,254)</u>	<u>29,620</u>
Investing activities		
Purchase of property and equipment	(198)	(66)
Decrease in security deposits	2,926	-
Income from investment property	8,109	9,351
Proceeds from disposal of property and equipment	38	-
Dividend and interest on long-term deposits income	5,996	6,515
Net cash generated from investing activities	<u>16,871</u>	<u>15,800</u>
Financing activities		
Dividend paid	(30,000)	(40,000)
Net cash used in financing activities	<u>(30,000)</u>	<u>(40,000)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(18,383)</u>	<u>5,420</u>
Cash and cash equivalents on 01 January	55,979	37,947
Cash and cash equivalents on 30 June	<u><u>37,596</u></u>	<u><u>43,367</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 June 30, 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 the 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)
June 30, 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 the 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 insurance liabilities (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 the 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 all insurance receivables.

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
June 30, 2010

3. Statutory deposit

	(Un-audited) June 30, 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	(14,102)	(13,186)
Balance at 30 June /December	<u>91,619</u>	<u>92,535</u>

Dubai National Insurance & Reinsurance P.S.C
Notes to the interim condensed financial information (un-audited)
June 30, 2010

5. Financial assets

	(Un-audited) June 30, 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	(281,250)	(261,916)
	<u>79,807</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>90,349</u>	<u>109,683</u>

6. Cash in hand and at banks including deposits

Held at UAE banks	37,390	55,483
Held with bank outside UAE	206	496
	<u>37,596</u>	<u>55,979</u>

7. Earning per share

Basic and diluted

Net profit for the period AED '000'	18,074	26,007
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	110,000,000	110,000,000
Earning per share basic and diluted (AED)	0.16	0.24

At the 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)
June 30, 2010

8. Segment information

a) Primary Segment Information

	(Un- audited) June 30, 2010 AED'000			(Un-audited) June 30, 2009 AED'000		
	General business	Life & Health	Total	General business	Life & Health	Total
Gross Premium written	42,943	39,357	82,300	57,907	46,640	104,547
Net Underwriting income	8,612	4,117	12,729	13,158	5,071	18,229

b) Secondary segment information

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

9. Contingencies and commitments

- 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 still protected as the company has adequate reinsurance contracts to cover its insurance position.