



Dated : 9th November 2010

Directors' Report
For the Third Quarter Ended 30th September 2010

The Board of Directors is pleased to present the unaudited results for the third quarter ended 30th September 2010.

- The gross premium written for the third quarter ended 30th September 2010 is AED 101.788 Million
- The net underwriting income for the third quarter ended 30th September 2010 is AED 15.380 Million.
- The company achieved net profit of AED 20.121 Million as of 30th September 2010.

Mohammed Khalaf Al Habtoor
Managing Director



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

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

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

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September 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

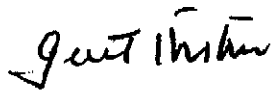
We have reviewed the accompanying interim condensed statement of financial position of Dubai National Insurance & Reinsurance P.S.C (the "Company") as of September 30, 2010 and the related interim condensed income statement, interim condensed statement of comprehensive income, interim condensed statement 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 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
Date: November 1, 2010

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

Dubai - United Arab Emirates

Interim condensed statement of financial position as at September 30, 2010

	Notes	(Unaudited) September 30, 2010 AED '000	(Audited) December 31, 2009 AED '000
ASSETS			
Non-current			
Statutory deposits	3	10,268	13,194
Property and equipment		2,216	2,481
Investment properties	4	91,159	92,535
		<u>103,643</u>	<u>108,210</u>
Current			
Financial assets	5	105,435	109,683
Insurance receivables		38,784	50,327
Other receivables		1,909	1,328
Due from related parties		10,718	13,646
Re-insurer's share of outstanding claims		314,013	308,088
Cash in hand and at banks including deposits	6	48,226	55,979
		<u>519,085</u>	<u>539,051</u>
TOTAL ASSETS		<u>622,728</u>	<u>647,261</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		26,958	46,835
Fair value reserve on available for sale investments		(266,164)	(261,916)
		<u>165,794</u>	<u>179,919</u>
Liabilities			
Non-current			
Employees' end of service benefits		1,577	1,288
Current			
Outstanding claims provision		340,476	338,665
Technical provisions		34,416	45,774
Insurance payables		59,009	65,295
Other payables		14,706	16,232
Due to related parties		6,750	88
		<u>455,357</u>	<u>466,054</u>
Total liabilities		<u>456,934</u>	<u>467,342</u>
TOTAL EQUITY AND LIABILITIES		<u>622,728</u>	<u>647,261</u>

This interim condensed financial information was approved by the Board of Directors on November 1, 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 condensed income statement
for the period ended September 30, 2010**

	(Un-audited) Nine months ended September 30, 2010	(Un-audited) Nine months ended September 30, 2009	(Un-audited) Three months ended September 30, 2010	(Un-audited) Three months ended September 30, 2009
Note	AED '000	AED '000	AED '000	AED '000
Gross premium	101,788	133,322	19,488	28,775
Reinsurance share of premium	(72,622)	(93,317)	(12,287)	(19,450)
Net premium	29,166	40,005	7,201	9,325
Net transfer from unearned premium reserve	9,639	555	3,305	1,071
Net premium earned	38,805	40,560	10,506	10,396
Commission earned	9,021	13,651	1,325	4,170
Commission paid	(10,327)	(13,359)	(2,850)	(3,079)
Others	459	977	203	421
Gross underwriting income	37,958	41,829	9,184	11,908
 Gross claims paid	 84,002	 43,742	 24,137	 13,289
Reinsurance share	(55,591)	(28,125)	(16,186)	(7,956)
Net claims paid	28,411	15,617	7,951	5,333
Provision for outstanding claims and technical provisions	92	140,625	251	15,511
Reinsurance share of outstanding claims	(5,925)	(138,647)	(1,669)	(14,941)
Net claims incurred	22,578	17,595	6,533	5,903
 Net underwriting income	 15,380	 24,234	 2,651	 6,005
Income from investment	6,431	7,163	436	578
Income from investment property - net	10,362	12,406	3,168	3,971
Other charges	37	(891)	-	-
Gross income	32,210	42,912	6,255	10,554
General and administrative expenses	(12,089)	(9,479)	(4,208)	(3,128)
Net profit for the period	20,121	33,433	2,047	7,426
 Earnings per share:				
Basic and diluted	7 0.18	0.30	0.02	0.07

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 September 30, 2010

	(Un-audited) Nine months ended September 30, 2010 AED '000	(Un-audited) Nine months ended September 30, 2009 AED '000	(Un-audited) Three months ended September 30, 2010 AED '000	(Un-audited) Three months ended September 30, 2009 AED '000
Net profit for the period	20,121	33,433	2,047	7,426
Other comprehensive income:				
Net unrealized (loss)/profit on investments	(4,248)	48,929	15,086	30,853
Adjustment arising on translation of operating assets and liabilities of overseas branch	2	-	-	-
Total comprehensive income for the period	<u>15,875</u>	<u>82,362</u>	<u>17,133</u>	<u>38,279</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 September 30, 2010

	Share capital AED '000	Legal reserve AED '000	Obligatory reserve AED '000	General reserve AED '000	Retained earnings AED '000	Fair value reserve on available for sale Investments AED '000	Total AED '000
Balance at January 1, 2009 (Audited)	100,000	50,000	25,000	220,000	43,539	(284,338)	154,201
Transactions with owners							
Dividend paid	-	-	-	-	(40,000)	-	(40,000)
Total comprehensive income for the period	-	-	-	-	33,433	48,929	82,362
Balance at September 30, 2009 (Un-audited)	<u>100,000</u>	<u>50,000</u>	<u>25,000</u>	<u>220,000</u>	<u>36,972</u>	<u>(235,409)</u>	<u>196,563</u>
Balance at January 1, 2010 (Audited)	100,000	50,000	25,000	220,000	46,835	(261,916)	179,919
Transactions with owners							
Dividend paid	-	-	-	-	(30,000)	-	(30,000)
Bonus Issue	10,000	-	-	-	(10,000)	-	-
Total comprehensive income for the period	-	-	-	-	20,123	(4,248)	15,875
Balance at September 30, 2010 (Un-audited)	<u>110,000</u>	<u>50,000</u>	<u>25,000</u>	<u>220,000</u>	<u>26,958</u>	<u>(266,164)</u>	<u>165,794</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 cash flows
for the period ended September 30, 2010

	(Un-audited) Nine months ended September 30, 2010 AED '000	(Un-audited) Nine months ended September 30, 2009 AED '000
Cash flows from operating activities		
Net profit for the period	20,121	33,433
Adjustments for:		
Depreciation on property and equipment	556	427
Property and equipment written off	-	891
Depreciation on investment property	1,376	1,381
Net transfer to employees' end-of-service benefits	289	177
Transfer from unearned premium reserve	(9,639)	(555)
Provision for outstanding claims and technical provision	92	140,625
Reinsurance share in outstanding claims	(5,925)	(138,647)
Dividend and interest on long-term deposits	(6,431)	(7,163)
Income from investment property	(11,738)	(13,787)
Operating (loss)/profit before working capital changes	(11,299)	16,782
Changes in working capital:		
Insurance receivables	11,543	(5,623)
Other receivables	(581)	294
Insurance and other payables	(7,812)	11,815
Due to related parties - net	9,590	1,604
Net cash generated from operating activities	1,441	24,872
Cash flows from investing activities		
Purchase of property and equipment	(291)	(157)
Income from investment property	11,738	13,787
Decrease in security deposits	2,926	-
Dividend and interest on long-term deposits income	6,431	7,163
Net cash generated from investing activities	20,804	20,793
Cash flows from financing activities		
Dividend paid	(30,000)	(40,000)
Net cash used in financing activities	(30,000)	(40,000)
Net (decrease)/increase in cash and cash equivalents	(7,755)	5,665
Cash and cash equivalents on January 1	55,979	37,947
Exchange differences on cash and cash equivalents	2	-
Cash and cash equivalents at September 30	48,226	43,612

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 September 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 the 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 is 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 and relevant Standards and Interpretations have become mandatory during the period and have been adopted by the Company:

1. IAS 7 Statement of Cash Flows: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements
2. IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items

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.

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

2. Significant accounting policies (continued)

b) Financial assets

Available-for-sale financial assets

Investments in securities are classified as available-for-sale financial assets. 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 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 at cost and is 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 policies

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 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 insurance receivables.

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

3. Statutory deposits

	(Un-audited) September 30, 2010 AED'000	(Audited) December 31, 2009 AED'000
Held with a local bank in Dubai	10,000	10,000
Held with a bank outside UAE	268	3,194
	<u>10,268</u>	<u>13,194</u>

Statutory deposit 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 a 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 properties

Balance at January 1,	105,721	105,721
Accumulated depreciation	(14,562)	(13,186)
Balance at September 30/December 31,	<u>91,159</u>	<u>92,535</u>

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

5. Financial assets

	(Un-audited) September 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	(266,164)	(261,916)
	<u>94,893</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>105,435</u>	<u>109,683</u>

6. Cash in hand and at banks including deposits

Held at UAE banks	48,019	55,483
Held with a bank outside UAE	207	496
	<u>48,226</u>	<u>55,979</u>

7. Earnings per share

	Nine months ended		Three months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Earnings (AED '000)				
Net profit for the period	<u>20,121</u>	<u>33,433</u>	<u>2,047</u>	<u>7,426</u>
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>
Earnings per share (AED) basic and diluted	<u>0.18</u>	<u>0.30</u>	<u>0.02</u>	<u>0.07</u>

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share. Earnings per share for 2009 was adjusted for 10% bonus shares issued in 2010 as approved by the shareholders at the Annual General Meeting held on April 14, 2010.

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

8. Segment information

a) Primary Segment Information

	(Un- audited) Nine months ended September 30, 2010 AED'000			(Un- audited) Nine months ended September 30, 2009 AED'000		
	General business	Life & Health	Total	General business	Life & Health	Total
Gross Premium written	51,404	50,384	101,788	83,994	49,328	133,322
Net Underwriting income	9,576	5,804	15,380	18,550	5,684	24,234

b) Secondary segment information

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

9. Contingencies and commitments

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.

Contingencies

Al Habtoor Motors (A related party) has commenced legal proceedings in 2009 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 and 26th March 2009. 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, The management still believes that the Company's recovery rights are protected as the company has adequate reinsurance contracts to cover its insurance position. As of period end there has not been any significant change regarding the progress of the proceedings.