



Dated : 11th May 2011

Directors' Report
For the First Quarter Ended 31st March 2011

The Board of Directors is pleased to present the unaudited results for the first quarter ended 31st March 2011.

- The gross premium written for the first quarter of 2011 is AED 44.287 Million.
- The net underwriting income is AED 4.760 Million for the first quarter of 2011.
- The company achieved net profit of AED 8.419 Million in the first quarter of 2011.

Mohammed Khalaf Al Habtoor
Managing Director



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

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March 31, 2011

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

Public Accountants

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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, 2011 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 three months period then ended. 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

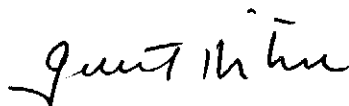
We conducted our review in accordance with the International Standards on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for 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".

Emphasis of Matter

We draw attention to note 9 to the interim condensed financial information which describe legal claims being made by and against the Company. Our opinion is not qualified in respect of these matters.



Grant Thornton

Farouk Mohamed

Insurance Registration No: 54

Dubai, United Arab Emirates

Date: May 5, 2011

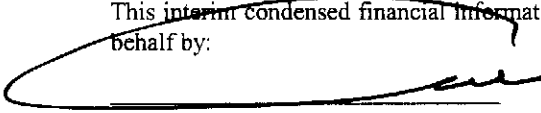
DUBAI NATIONAL INSURANCE & REINSURANCE (P.S.C)

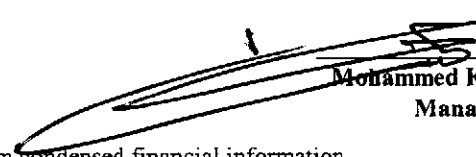
Dubai - United Arab Emirates

Interim condensed statement of financial position as at March 31, 2011

	Notes	(Unaudited) March 31, 2011 AED '000	(Audited) December 31, 2010 AED '000
ASSETS			
Non-current			
Statutory deposits	3	10,268	10,268
Property and equipment		2,460	2,281
Investment property	4	90,233	90,688
		<u>102,961</u>	<u>103,237</u>
Current			
Financial assets	5	112,101	101,295
Insurance receivables		61,735	46,445
Other receivables		5,883	1,097
Due from related parties		18,237	14,128
Re-insurers' share of outstanding claims		300,694	310,767
Cash in hand and at banks including deposits	6	41,001	42,205
		<u>539,651</u>	<u>515,937</u>
TOTAL ASSETS		<u>642,612</u>	<u>619,174</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		110,000	110,000
Legal reserve		52,175	52,175
Obligatory reserve		27,175	27,175
General reserve		220,000	220,000
Retained earnings		32,062	23,643
Cumulative changes in reserve on available for sale investments		(259,498)	(270,304)
Net equity		<u>181,914</u>	<u>162,689</u>
Liabilities			
Non-current			
Employees' end of service benefits		<u>1,444</u>	<u>1,571</u>
Current			
Outstanding claims provision		319,703	329,322
Technical provisions		42,216	35,443
Insurance payables		70,468	62,991
Other payables		16,036	15,594
Due to related parties		10,831	11,564
		<u>459,254</u>	<u>454,914</u>
Total liabilities		<u>460,698</u>	<u>456,485</u>
TOTAL EQUITY AND LIABILITIES		<u>642,612</u>	<u>619,174</u>

This interim condensed financial information was approved by the Board of Directors on May 5, 2011 and signed on their behalf by:


Sultan Ahmed Al Habtoor
Vice Chairman


Mohammed K. Al Habtoor
Managing Director

The notes on pages 8 to 12 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 March 31, 2011

	(Un-audited) Three months ended March 31, 2011 AED'000	(Un-audited) Three months ended March 31, 2010 AED'000
Gross premium	44,287	52,469
Reinsurance share of premium	(25,735)	(36,408)
Net premium	<u>18,552</u>	<u>16,061</u>
Net transfer to unearned premium reserve	(6,702)	1,705
Net premium earned	<u>11,850</u>	<u>17,766</u>
Commision earned	3,056	3,954
Commision paid	(4,417)	(5,080)
Others	233	39
Gross underwriting income	<u>10,722</u>	<u>16,679</u>
 Gross claims paid	 23,053	 31,244
Reinsurance share	(17,618)	(19,921)
Net claims paid	<u>5,435</u>	<u>11,323</u>
Provision for outstanding claims and technical provisions	(9,547)	(1,783)
Reinsurance share of outstanding claims	10,073	(953)
Net claims incurred	<u>5,961</u>	<u>8,587</u>
 Net underwriting income	 4,761	 8,092
Income from investment	4,818	1,061
Income from investment property-net	3,176	3,603
Other income	74	38
Gross income	<u>12,829</u>	<u>12,794</u>
General and administrative expenses	(4,410)	(3,789)
 Net profit for the period	 <u><u>8,419</u></u>	 <u><u>9,005</u></u>
 Earnings per share:		
Basic and diluted (note 7)	<u><u>0.08</u></u>	<u><u>0.08</u></u>

The notes on pages 8 to 12 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, 2011

	(Un-audited) Three months ended March 31, 2011 AED'000	(Un-audited) Three months ended March 31, 2010 AED'000
Net profit for the period	8,419	9,005
Other comprehensive income		
Net unrealized profit on investments	10,806	2,949
Total comprehensive income for the period	<u>19,225</u> =====	<u>11,954</u> =====

The notes on pages 8 to 12 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, 2011

	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
Balance as at January 1, 2010 (Audited)	100,000	50,000	25,000	220,000	(261,916)	46,835	179,919
Total comprehensive income for the period	-	-	-	-	2,949	9,005	11,954
Balance as at March 31, 2010 (Un-audited)	100,000	50,000	25,000	220,000	(258,967)	55,840	191,873
Dividend paid	-	-	-	-	-	(30,000)	(30,000)
Bonus shares issue	10,000	-	-	-	-	(10,000)	-
Directors' remuneration	-	-	-	-	-	(595)	(595)
Transfer to legal reserve	-	2,175	-	-	-	(2,175)	-
Transfer to obligatory reserve	-	-	2,175	-	-	(2,175)	-
Transactions with owners	10,000	2,175	2,175	-	-	(44,945)	(30,595)
Profit for the period	-	-	-	-	-	12,746	12,746
Net unrealised loss on investments	-	-	-	-	(11,337)	-	(11,337)
Adjustment arising on translation of operating assets and liabilities of overseas branch	-	-	-	-	-	2	2
Balance as at December 31, 2010 (Audited)	110,000	52,175	27,175	220,000	(270,304)	23,643	162,689
Total comprehensive income for the period	-	-	-	-	10,806	8,419	19,225
Balance as at March 31, 2011 (Un-audited)	110,000	52,175	27,175	220,000	(259,498)	32,062	181,914

* At the Annual General Meeting held on March 30, 2011, for the year ended December 31, 2010 the shareholders approved a cash dividend of AED 22,000,000 (2009: AED 30,000,000) representing 20% of paid up share capital (2009: 30% of paid up capital).

The notes on pages 8 to 12 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, 2011 (Un-audited)

	(Un-audited) 3 Months ended March 31, 2011 AED'000	(Un-audited) 3 Months ended March 31, 2010 AED'000
Cash flows from operating activities		
Net profit for the period	8,419	9,005
<i>Adjustments for non cash transactions:</i>		
Depreciation on property and equipment	282	194
Depreciation on investment property	455	455
Net transfer to employees' end-of-service benefits	(127)	144
Net transfer to technical provisions	6,773	(2,153)
Provision for outstanding claims	(9,619)	(1,336)
Reinsurance share in outstanding claims	10,073	(952)
Dividend and interest on long-term deposits	(4,818)	(1,061)
Income from investment property	(3,631)	(4,058)
Profit on sale of assets	(50)	(38)
Operating profit before working capital changes	<u>7,757</u>	<u>200</u>
Changes in working capital:		
Insurance receivables	(15,290)	(16,422)
Other receivables	(4,786)	(1,816)
Insurance and other payables	7,919	16,502
Due from /(to) related parties	(4,842)	(6,719)
Net cash used in operations	<u>(9,242)</u>	<u>(8,255)</u>
Cash flows from investing activities		
Purchase of property and equipment	(486)	(25)
Decrease in statutory deposit	-	2,926
Income from investment property	3,631	4,058
Dividend and interest on long-term deposits income	4,818	1,061
Proceeds from sale of assets	75	38
Net cash generated from investing activities	<u>8,038</u>	<u>8,058</u>
Net decrease in cash and cash equivalents	(1,204)	(197)
Cash and cash equivalents on January 1,	42,205	55,979
Cash and cash equivalents on March 31,	<u><u>41,001</u></u>	<u><u>55,782</u></u>

The notes on pages 8 to 12 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, 2011

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. 6 of 2007 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 wound down. Accordingly, the related license as required by local regulations has been terminated. The related 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, 2010.

(a) Adoption of new and revised standards

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

1. IAS 24 – Related party disclosures
2. IFRIC 14 – Prepayments of a minimum funding requirement
3. IAS 1(Amended) – Presentation of financial statements
4. IFRS 7 (Amended) – Financial instruments: disclosures
5. IFRIC 13 (Amended) – Customer loyalty programmes

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.

Dubai National Insurance & Reinsurance (P.S.C)
Notes to the interim condensed financial information (un-audited)
March 31, 2011

2. Significant accounting policies (continued)

b) Financial assets

Available-for-sale investment

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 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 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.

The Company follows the guidance of IAS 39 'Financial Instruments: Recognition and Measurement' to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. If all of the declines in fair value below cost were considered significant or prolonged, the Company would incur an impairment loss in the interim condensed financial information, being the transfer of the accumulated fair value reserve on available-for-sale financial assets recognised in equity on the impaired available-for-sale financial assets to the income statement.

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, 2011

3. Statutory deposits

	(Un-audited) March 31, 2011 AED'000	(Audited) December 31, 2010 AED'000
Held with a local bank in Dubai	10,000	10,000
Held with a bank outside UAE	268	268
	<u>10,268</u>	<u>10,268</u>

Statutory deposit held with a local bank in Dubai, UAE represents deposits held under a lien in favour of the Ministry of Economy and Planning in accordance with Article 42 of Federal Law No. (6) of 2007 (as amended) relating to insurance companies and brokers. The deposit cannot be withdrawn without prior approval 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 property

	(Un-audited) March 31, 2011 AED'000	(Audited) December 31, 2010 AED'000
Within UAE		
Balance at 1 January,	105,721	105,721
Accumulated depreciation	(15,488)	(15,033)
Balance at March 31, /December 31,	<u>90,233</u>	<u>90,688</u>

Dubai National Insurance & Reinsurance (P.S.C)
Notes to the interim condensed financial information (un-audited)
March 31, 2011

5. Financial assets

	(Un-audited) March 31, 2011 AED'000	(Audited) December 31, 2010 AED'000
Available for sale investments		
In UAE		
<i>Quoted securities and funds, at cost</i>	361,057	361,057
Cumulative changes in fair value transferred to equity	(259,498)	(270,304)
	<u>101,559</u>	<u>90,753</u>
In UAE		
<i>Unquoted securities</i>	18,437	18,437
Less: Provision for diminution in value	(7,895)	(7,895)
	<u>112,101</u>	<u>101,295</u>

6. Cash in hand and at banks including deposits

Held at UAE banks	40,771	41,905
Held with a bank outside UAE	230	300
	<u>41,001</u>	<u>42,205</u>

7. Earning per share

Basic and diluted

Earnings (AED '000)

Net profit for the period AED '000'	8,419	9,005
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Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share	110,000,000	110,000,000
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Earnings per share basic and diluted (AED)	0.08*	0.08*
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* The figures are rounded off

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share. Earnings per share for 2010 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)
March 31, 2011

8. Segment information

The Company operates two main business segments: General Insurance and Life & Health Insurance.

	(Un- audited) Three months ended March 31, 2011 AED'000			(Un-audited) Three months ended March 31, 2010 AED'000		
	General business	Life & Health	Total	General business	Life & Health	Total
Gross premium written	17,849	26,438	44,287	22,392	30,077	52,469
Gross underwriting income	5,634	5,088	10,722	11,453	5,226	16,679
Net claims incurred	2,637	3,324	5,961	6,563	2,024	8,587
Net underwriting income	2,996	1,765	4,761	4,890	3,202	8,092

9. Commitments and contingencies

Commitments

The Company's bankers have issued in the normal course of business guarantees in favour of third parties amounting to AED 0.268 million (December 31, 2010: AED 0.268 million) which is secured by way of deposits held.

Contingencies

Al Habtoor Motors (a related party) 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 happened 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, management continues to believe that the Company's recovery rights are protected as the Company has adequate reinsurance contracts to cover its insurance position. As of the period ended March 31, 2011 there has not been any significant change regarding the progress of the proceedings.