



Dated : 7th August 2012

Directors' Report

For the Half Year Ended 30th June 2012

The Board of Directors is pleased to present the unaudited results for the Half Year ended 30th June 2012.

- The gross premium written for the half year ended 30th June 2012 is AED 57.867 Million.
- The net underwriting income is AED 12.301 Million for the half year ended 30th June 2012.
- The company achieved net profit of AED 14.157 Million during the half year ended 30th June 2012.

Mohammed Khalaf Al Habtoor
Managing Director



سجلت في سجل شركات التأمين طبقاً للقانون الاتحادي رقم (٩) لسنة ١٩٨٤ - شهادة قيد رقم ٦٤ بتاريخ ٦ يناير / كانون الثاني ١٩٩٢
Registered in the Insurance Companies Register Under Federal Law No. (9) of 1984, Certificate No. 64 Dated 6th January 1992
E-mail: mails@dnirc.com, Website : www.dnirc.com

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Grant Thornton

Dubai National Insurance & Reinsurance (P.S.C.)

Dubai - United Arab Emirates

Condensed Interim Financial Information
(Un-audited)

For the period ended June 30, 2012

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Information
for the period ended June 30, 2012

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Review report of the independent auditor to the shareholders of Dubai National Insurance & Reinsurance (P.S.C.)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dubai National Insurance & Reinsurance (P.S.C.) (the "Company") as of June 30, 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim financial reporting". Our responsibility is to express a conclusion on this condensed interim 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 condensed interim 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: August 7, 2012



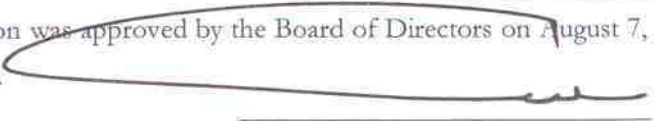
Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Information

Condensed Interim Statement of Financial Position
as at June 30, 2012

		(Un-audited) June 30, 2012 AED'000	(Audited) December 31, 2011 AED'000
	Notes		
Assets			
Non-current			
Statutory deposits	3	10,268	10,268
Property and equipment		1,435	1,764
Investment property	4	87,920	88,841
		99,623	100,873
Current			
Financial assets at fair value through other comprehensive income	5	105,752	105,077
Insurance receivables		28,021	46,393
Other receivables		1,707	1,091
Due from related parties	6	13,135	11,327
Re-insurers' share of outstanding claims		63,584	67,666
Cash and cash equivalents	7	14,175	11,223
		226,374	242,777
Total assets		325,997	343,650
Equity and liabilities			
Equity			
Share capital		115,500	110,000
Legal reserve		54,537	54,537
Obligatory reserve		27,500	27,500
General reserve		220,000	220,000
Fair value reserve on financial assets at fair value through other comprehensive income		(273,742)	(274,417)
Retained earnings		21,088	28,927
Total equity		164,883	166,547
Liabilities			
Non-current			
Employees' end-of-service benefits		1,869	1,761
		1,869	1,761
Current			
Outstanding claims provision		77,972	83,775
Technical provisions		28,159	27,151
Insurance payables		40,882	35,102
Other payables		12,232	12,968
Due to related parties	6	-	16,346
		159,245	175,342
Total liabilities		161,114	177,103
Total equity and liabilities		325,997	343,650

This condensed interim financial information was approved by the Board of Directors on August 7, 2012 and signed on their behalf by:


Mohammed Khalaf Al Habtoor
Managing Director


Sultan Ahmed Al Habtoor
Vice Chairman

The notes from 1 to 10 form an integral part of this condensed interim financial information.

Dubai National Insurance & Reinsurance (P.S.C.)

Condensed Interim Financial Information

Condensed Interim Income Statement

for the period ended June 30, 2012

	(Un-audited) 6 months ended June 30, 2012 AED'000	(Un-audited) 6 months ended June 30, 2011 AED'000	(Un-audited) 3 months ended June 30, 2012 AED'000	(Un-audited) 3 months ended June 30, 2011 AED'000
Gross premium	57,867	77,925	27,470	33,638
Reinsurance share of premium	(36,675)	(52,215)	(17,774)	(26,480)
Net premium	21,192	25,710	9,696	7,158
Net transfer to unearned premium	(1,292)	(3,258)	1,163	3,444
Net premium earned	19,900	22,452	10,859	10,602
Commission earned	6,507	8,276	3,314	5,220
Commission paid	(5,606)	(5,581)	(2,905)	(1,164)
Others	1,129	1,748	462	1,515
Gross underwriting income	21,930	26,895	11,730	16,173
Gross claims paid	27,170	190,097	11,427	167,044
Reinsurance share	(15,537)	(163,102)	(6,221)	(145,484)
Net claims paid	11,633	26,995	5,206	21,560
Provision for outstanding claims and technical provisions	(6,086)	(241,094)	(2,124)	(231,547)
Reinsurance share of outstanding claims	4,082	230,537	915	220,464
Net claims incurred	9,629	16,438	3,997	10,477
Net underwriting income	12,301	10,457	7,733	5,696
Income from investment - net	5,830	5,121	2,503	303
Income from investment property - net	5,495	6,480	2,749	3,304
Other income	-	75	-	1
Gross income	23,626	22,133	12,985	9,304
General and administrative expenses	(9,469)	(8,832)	(4,923)	(4,422)
Net profit for the period	14,157	13,301	8,062	4,882
Earnings per share:				
Basic and diluted (note 8)	AED 0.12	AED 0.12	AED 0.07	AED 0.04

The notes from 1 to 10 form an integral part of this condensed interim financial information.

Dubai National Insurance & Reinsurance (P.S.C.)

Condensed Interim Financial Information

Condensed Interim Statement of Comprehensive Income
for the period ended June 30, 2012

	(Un-audited) 6 months ended June 30, 2012 AED'000	(Un-audited) 6 months ended June 30, 2011 AED'000	(Un-audited) 3 months ended June 30, 2012 AED'000	(Un-audited) 3 months ended June 30, 2011 AED'000
Net profit for the period	14,157	13,301	8,062	4,882
Other comprehensive income:				
Net unrealized profit/(loss) on investments	675	10,087	(8,841)	(719)
Translation of operating assets and liabilities of overseas branch	4	-	2	-
Other comprehensive income/(loss) for the period	679	10,087	(8,839)	(719)
Total comprehensive income for the period	14,836	23,388	(777)	4,163

The notes from 1 to 10 form an integral part of this condensed interim financial information.

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Information

Condensed Interim Statement of Changes in Equity
for the period ended June 30, 2012

	Share capital AED'000	Legal reserve AED'000	Obligatory reserve AED'000	General reserve AED'000	Fair value reserve on financial assets at fair value through other comprehensive income AED'000	Retained earnings AED'000	Total equity AED'000
Balance at January 1, 2011 (Audited)	110,000	52,175	27,175	220,000	(270,304)	31,538	170,584
Dividend paid	-	-	-	-	-	(22,000)	(22,000)
Transactions with owners	-	-	-	-	-	(22,000)	(22,000)
Net profit for the period	-	-	-	-	-	13,301	13,301
Other comprehensive income:							
Net unrealized gain on investments	-	-	-	-	10,087	-	10,087
Total comprehensive income for the period	-	-	-	-	10,087	13,301	23,388
Balance at June 30, 2011 (Un-audited)	110,000	52,175	27,175	220,000	(260,217)	22,839	171,972
Balance at January 1, 2012 (Audited)	110,000	54,537	27,500	220,000	(274,417)	28,927	166,547
Bonus shares issued	5,500	-	-	-	-	(5,500)	-
Dividend paid	-	-	-	-	-	(16,500)	(16,500)
Transactions with owners	5,500	-	-	-	-	(22,000)	(16,500)
Net profit for the period	-	-	-	-	-	14,157	14,157
Other comprehensive income:							
Net unrealized gain on investments	-	-	-	-	675	-	675
Adjustment arising on translation of operating assets and liabilities of branch	-	-	-	-	-	4	4
Total comprehensive income for the period	-	-	-	-	675	14,161	14,836
Balance at June 30, 2012 (Un-audited)	115,500	54,537	27,500	220,000	(273,742)	21,088	164,883

The notes from 1 to 10 form an integral part of this condensed interim financial information

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Information

Condensed Interim Statement of Cash Flows
for the period ended June 30, 2012

	(Un-audited) 6 months ended June 30, 2012 AED'000	(Un-audited) 6 months ended June 30, 2011 AED'000
Cash flows from operating activities		
Net profit for the period	14,157	13,301
<i>Adjustments for:</i>		
Depreciation on property and equipment	509	531
Depreciation on investment property	921	916
Net movement in employees' end-of-service benefits	108	(70)
Net movement in technical provisions	1,008	(6,286)
Provision for outstanding claims	(5,803)	(231,549)
Reinsurers' share of outstanding claims	4,082	230,538
Dividend and interest on long-term deposits	(5,830)	(5,121)
Income from investment property	(6,416)	(7,396)
Profit on sale of property and equipment	-	(50)
Operating profit before changes in working capital	2,736	(5,186)
Changes in working capital		
Insurance receivables	18,372	(35,568)
Other receivables	(616)	(542)
Insurance and other payables	5,044	4,530
Due (to) / from related parties – net	(18,154)	17,127
Net cash generated from/(used in) operating activities	7,382	(19,639)
Cash flows from investing activities		
Purchase of property and equipment	(180)	(656)
Dividend and interest on long-term deposits	5,830	5,121
Income from investment property	6,416	7,396
Proceeds from sale of property and equipment	-	75
Net cash generated from investing activities	12,066	11,936
Cash flows from financing activity		
Dividend paid	(16,500)	(22,000)
Net cash used in financing activity	(16,500)	(22,000)
Net change in cash and cash equivalents	2,948	(29,703)
Cash and cash equivalents, beginning of period	11,223	42,205
Difference in exchange on cash and cash equivalents	4	-
Cash and cash equivalents, end of period	14,175	12,502

The notes from 1 to 10 form an integral part of this condensed interim financial information.

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Information
for the period ended June 30, 2012

Notes to the condensed interim financial information (Un-audited)

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 condensed interim 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 condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2011.

(a) Adoption of new and revised standards

Certain revisions and amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after January 1, 2012:

Relevant to the Company's financial statements

IFRS 7	Financial Instruments: Disclosures - Enhanced derecognition disclosures requirements
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(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets in equity securities are classified as investments at FVTOCI. These are initially recognised at fair value, which is equivalent to consideration given and acquisition charges associated with the investments.

After initial recognition, securities are measured at fair value, with unrealised gains or losses reported within the fair value reserve on investments at FVTOCI, and shown as part of shareholders' equity until the investment is derecognised. When the investment is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement, but is reclassified to retained earnings.

(c) Investment property

Investment property is measured at cost and is carried net of accumulated depreciation and impairment. Depreciation is determined on a straight-line basis over the estimated useful life of the property which is considered to be 40 years.

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Information
for the period ended June 30, 2012

2 Significant accounting policies (continued)

(d) Critical accounting estimates and judgments 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 judgments 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) 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.

3 Statutory deposits

	(Un-audited) June 30, 2012 AED'000	(Audited) December 31, 2011 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) June 30, 2012 AED'000	(Audited) December 31, 2011 AED'000
Within U.A.E:		
Balance at the beginning of the period	105,721	105,721
Accumulated depreciation	<u>(17,801)</u>	<u>(16,880)</u>
Balance at the end of the period	<u>87,920</u>	<u>88,841</u>

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Information
for the period ended June 30, 2012

5 Financial assets at fair value through other comprehensive income

	(Un-audited) June 30, 2012 AED'000	(Audited) December 31, 2011 AED'000
Within U.A.E:		
Investment in quoted securities	90,753	90,753
Investment in unquoted securities	18,437	18,437
Cumulative changes in fair value transferred to equity	(3,438)	(4,113)
	<u>105,752</u>	<u>105,077</u>

The title of the unquoted securities is held by related parties for the beneficial interest of the Company. Unquoted securities as at December 31, 2011 were fair valued by an independent valuer based on the Net Assets Value as of the latest available financial statements of the investee's as at December 31, 2010. Management believes that there is no significant deterioration in the value of the unquoted investments during the period ended June 30, 2012.

6 Related parties

Details of related parties' balances are as follows:

	(Un-audited) June 30, 2012 AED'000	(Audited) December 31, 2011 AED'000
Due from related parties		
Al Habtoor Leighton LLC (Formerly Habtoor Engineering Enterprises Co L.L.C)	5,384	2,889
Dubai National Investment	2,140	347
Habtoor Grand Resort & Spa	1,535	128
Diamond Lease L.L.C	1,482	7,133
Other Habtoor Group companies	<u>2,594</u>	<u>830</u>
	<u>13,135</u>	<u>11,327</u>
Due to related parties		
Due to investor:		
Al Habtoor Motors Co L.L.C	-	16,297
Others:		
Al Habtoor Group companies	<u>-</u>	<u>49</u>
	<u>-</u>	<u>16,346</u>

6 Related parties (continued)

Related party transactions

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in IFRS. Management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

The following are the details of significant transactions with related parties:

	(Un-audited) 6 months ended June 30, 2012 AED'000	(Un-audited) 6 months ended June 30, 2011 AED'000
Premiums written	22,370	38,736
Claims paid	5,029	3,451
Commission paid	785	1,646
Agency repairs	7,484	7,240

7 Cash in hand and at banks including deposits

	(Un-audited) June 30, 2012 AED'000	(Audited) December 31, 2011 AED'000
Held at UAE banks	13,960	11,037
Held with a bank outside UAE	215	186
	14,175	11,223

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Information
for the period ended June 30, 2012

8 Earnings per share

Basic and diluted

	(Un-audited) 6 months ended June 30, 2012	(Un-audited) 6 months ended June 30, 2011	(Un-audited) 3 months ended June 30, 2012	(Un-audited) 3 months ended June 30, 2011
Earnings (AED'000):				
Net profit for the period	14,157	13,301	8,062	4,882
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings per share	115,500,000	115,500,000	115,500,000	115,500,000
Earnings per share (AED):				
Basic and diluted*	0.12	0.12	0.07	0.04

* These 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 2012 was adjusted for 5% bonus shares issued in 2012 as approved by the shareholders at the Annual General Meeting held on April 5, 2012.

9 Segment information

The Company operates two main business segments: Underwriting and Investments.

Underwriting segment is further classified into General Insurance and Life & Health Insurance. Investments segment comprises Investment Property and Investment at FVTOCI. The Life insurance provided by the Company is for a period of 12 months and does not include any investment portion.

	Six months period ended June 30, 2012 AED '000			Six months period ended June 30, 2011 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	57,867	-	57,867	77,925	-	77,925
Segment result	12,301	11,325	23,626	10,532	11,601	22,133
Unallocated administrative cost			(9,469)			(8,832)
Net profit for the period			14,157			13,301

Dubai National Insurance & Reinsurance (P.S.C.)
Condensed Interim Financial Information
for the period ended June 30, 2012

9 Segment information (continued)

	June 30, 2012 AED '000			December 31, 2011 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment assets	107,881	193,672	301,553	128,241	193,918	322,159
Unallocated assets			24,444			21,491
Total assets			325,997			343,650
Segment liabilities	157,504	3,610	161,114	173,803	3,300	177,103
Unallocated liabilities			-			-
Total liabilities			161,114			177,103

10 Commitments

The Company's bankers have issued in the normal course of business guarantee in favour of third parties amounting to AED 0.268 million (December 31, 2011: AED 0.268 million) which is secured by way of deposits held.