DUBAI NATIONAL INSURANCE & REINSURANCE
(Public Shareholding Company)

دبي الوطنية للتأمين وإعادة التأمين
(شركة مساهمة عامة)

Dated : 13th May 2012

Directors' Report
For the First Quarter Ended 31st March 2012

The Board of Directors is pleased to present the unaudited results for the first quarter ended 31st March 2012.

- The gross premium written for the first quarter of 2012 is AED 30.397 Miliion.
- The net underwriting income is AED 4.567 Million for the first quarter of 2012.
- The company achieved net profit of AED 6.095 Million in the first quarter of 2012.

Mohammed Khalaf Al Habtoor
Managing Director

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

Dubai - United Arab Emirates

Condensed Interim Financial Information
(Un-audited)

For the period ended March 31, 2012

Dubai National Insurance & Reinsurance (P.S.C)
Condensed Interim Financial Information
for the period ended March 31, 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 March 31, 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 three 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 Standard on Review Engagements 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 respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Grant Thornton

Grant Thornton
Farouk Mohamed
Insurance Registration No: 54

Grant Thornton Public Accountants P.O. Box: 1620 DUBAI-U.A.E.

Dubai, United Arab Emirates
Date: May 9, 2012

Condensed Interim Statement of Financial Position
as at March 31, 2012

	Notes	(Un-audited) March 31, 2012 AED'000	(Audited) December 31, 2011 AED'000
Assets			
Non-current			
Statutory deposits	3	10,268	10,268
Property and equipment		1,633	1,764
Investment property	4	88,380	88,841
		100,281	100,873
Current			
Financial assets at fair value through other comprehensive income	5	114,593	105,077
Insurance receivables		39,907	46,393
Other receivables		4,802	1,091
Due from related parties	6	15,537	11,327
Re-insurers' share of outstanding claims		64,498	67,666
Cash and cash equivalents	7	24,080	11,223
		263,417	242,777
Total assets		363,698	343,650
Equity and liabilities			
Equity			
Share capital		110,000	110,000
Legal reserve		54,537	54,537
Obligatory reserve		27,500	27,500
General reserve		220,000	220,000
Retained earnings		35,024	28,927
Fair value reserve on financial assets at fair value through other comprehensive income		(264,901)	(274,417)
Total equity		182,160	166,547
Liabilities			
Non-current			
Employees' end-of-service benefits		1,839	1,761
		1,839	1,761
Current			
Outstanding claims provision		79,921	83,775
Technical provisions		29,497	27,151
Insurance payables		40,363	35,102
Other payables		13,428	12,968
Due to related parties	6	16,490	16,346
		179,699	175,342
Total liabilities		181,538	177,103
Total equity and liabilities		363,698	343,650

This condensed interim financial information was approved by the Board of Directors on May 9, 2012 and signed on their behalf by:

Mohammed Khalaf Al Habtoor
Managing Director

Sultan Ahmed Al Habtoor
Vice Chairman

The notes from 1 to 11 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 March 31, 2012

	(Un-audited) Three months period ended March 31, 2012 AED'000	(Un-audited) Three months period ended March 31, 2011 AED'000
Gross premium	30,397	44,287
Reinsurance share of premium	(18,901)	(25,735)
Net premium	11,496	18,552
Net transfer to unearned premium	(2,455)	(6,702)
Net premium earned	9,041	11,850
Commission earned	3,193	3,056
Commission paid	(2,701)	(4,417)
Others	667	233
Gross underwriting income	10,200	10,722
Gross claims paid	15,743	23,053
Reinsurance share	(9,316)	(17,618)
Net claims paid	6,427	5,435
Provision for outstanding claims and technical provisions	(3,962)	(9,547)
Reinsurance share of outstanding claims	3,168	10,073
Net claims incurred	5,633	5,961
Net underwriting income	4,567	4,761
Income from investments - net	3,327	4,818
Income from investment property - net	2,746	3,176
Other income	-	74
Gross income	10,640	12,829
General and administrative expenses	(4,545)	(4,410)
Net profit for the period	6,095	8,419
Earnings per share:		
Basic and diluted (note 8)	0.06	0.08

The notes from 1 to 11 form an integral part of this condensed interim financial information.

Condensed Interim Statement of Comprehensive Income
for the period ended March 31, 2012

	(Un-audited) Three months period ended March 31, 2012 AED'000	(Un-audited) Three months period ended March 31, 2011 AED'000
Net profit for the period	6,095	8,419
Other comprehensive income		
Net unrealized profit on financial assets at fair value through other comprehensive income	9,516	10,806
Adjustment arising on translation of operating assets and liabilities of overseas branch	2	-
Total comprehensive income for the period	15,613	19,225

The notes from 1 to 11 form an integral part of this condensed interim financial information.

Condensed Interim Statement of Changes in Equity
for the period ended March 31, 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
Total comprehensive income for the period	-	-	-	-	10,806	8,419	19,225
Balance at March 31, 2011 (Un-audited)	110,000	52,175	27,175	220,000	(259,498)	39,957	189,809
Dividend paid	-	-	-	-	-	(22,000)	(22,000)
Directors' remuneration	-	-	-	-	-	(1,544)	(1,544)
Transfer to legal reserve	-	2,362	-	-	-	(2,362)	-
Transfer to obligatory reserve	-	-	325	-	-	(325)	-
Transactions with owners	-	2,362	325	-	-	(26,231)	(23,544)
Profit for the period	-	-	-	-	-	15,201	15,201
Other comprehensive income:							
Net unrealized loss on investments	-	-	-	-	(14,919)	-	(14,919)
Balance at December 31, 2011 (Audited)	110,000	54,537	27,500	220,000	(274,417)	28,927	166,547
Total comprehensive income for the period	-	-	-	-	9,516	6,097	15,613
Balance at March 31, 2012 (Un-audited)	110,000	54,537	27,500	220,000	(264,901)	35,024	182,160

The notes from 1 to 11 form an integral part of this condensed interim financial information.

Condensed Interim Statement of Cash Flows
for the period ended March 31, 2012

	Notes	(Un-audited) Three months period ended March 31, 2012 AED'000	(Un-audited) Three months period ended March 31, 2011 AED'000
Cash flows from operating activities			
Net profit for the period		6,095	8,419
Adjustments for:			
Depreciation on property and equipment		254	282
Depreciation on investment property		461	455
Net transfer to employees' end-of-service benefits		78	(127)
Net transfer to technical provisions		2,346	6,773
Provision for outstanding claims		(3,854)	(9,619)
Reinsurers' share of outstanding claims		3,168	10,073
Dividend and interest on long-term deposits		(3,327)	(4,818)
Income from investment property		(3,207)	(3,631)
Profit on disposal of property and equipment		-	(50)
Operating profit before changes in working capital		2,014	7,757
Changes in working capital			
Insurance receivables		6,486	(15,290)
Other receivables		(3,711)	(4,786)
Insurance payables		5,261	7,477
Other payables		460	442
Due to related parties - net		(4,066)	(4,842)
Net cash generated from/(used in) operating activities		6,444	(9,242)
Cash flows from investing activities			
Purchase of property and equipment		(123)	(486)
Income from investment property –net		3,207	3,631
Dividend and interest on long-term deposits		3,327	4,818
Proceeds from disposal of property and equipment		-	75
Net cash generated from investing activities		6,411	8,038
Net change in cash and cash equivalents		12,855	(1,204)
Cash and cash equivalents, beginning of period		11,223	42,205
Difference in exchange on cash and cash equivalents		2	-
Cash and cash equivalents, end of period		24,080	41,001

The notes from 1 to 11 form an integral part of this condensed interim financial information.

Notes to the condensed interim financial information (Un-audited) for the period ended March 31, 2012

1 Legal status and activities

Dubai National Insurance & Reinsurance (P.S.C) (the "Company") is a public shareholding company incorporated in Dubai on January 6, 1992 with an overseas 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 on Establishment of the Insurance Authority and Organization of the Insurance Operations 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. The branch has no operations and the total expenses and assets of the branch are not material to these financial statements. Hence, these financial statements do not separately disclose the expenses, assets, liabilities and cash flows for the discontinued operations of the branch.

2 Summary of significant accounting policies

The condensed interim financial information of the Company is prepared in accordance with International Financial Reporting Standard, IAS 34 "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) Standards, interpretations and amendments to existing standards that are effective in 2012

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

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.

2 Summary of significant accounting policies (continued)

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.

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.

Outstanding claims and technical provisions
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.

Classification of investment property
The Company makes judgement to determine whether a property qualifies as investment property and follows the guidance of IAS 40 'Investment Property' to consider whether any owner occupied property is not significant and is classified accordingly as investment property.

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

3 Statutory deposits

	(Un-audited) March 31, 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
	10,268	10,268

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 on Establishment of the Insurance Authority and Organization of the Insurance Operations, relating to insurance companies and brokers. The deposit cannot be withdrawn without prior approval from the Ministry of Economy and Planning.

3 Statutory deposits (continued)

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, 2012	(Audited) December 31, 2011
Within U.A.E:	**AED'000**	**AED'000**
Cost at the beginning of the period	105,721	105,721
Accumulated depreciation	(17,341)	(16,880)
Written down value at the end of the period	88,380	88,841

5 Financial assets at fair value through other comprehensive income

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	AED'000	**AED'000**
Investment in quoted securities	90,753	90,753
Investment in unquoted securities	18,437	18,437
Cumulative changes in fair value transferred to equity	5,403	(4,113)
	114,593	105,077

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 31 December, 2010. Management believes that there is no significant deterioration in the value of the unquoted investments during the period ended March 31, 2012.

6 Related parties

Details of related party balances are as follows:

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	AED'000	**AED'000**
Due from related parties		
Al Habtoor Leighton LLC		
(Formerly Habtoor Engineering Enterprises Co L.L.C)	6,770	2,889
Diamond Lease L.L.C	5,339	7,133
Other Habtoor Group companies	3,428	1,305
	15,537	11,327

6 Related party balances (continued)

	(Un-audited) March 31, 2012 AED'000	(Audited) December 31, 2011 AED'000
Due to related parties		
Due to investor:		
Al Habtoor Motors Co L.L.C	16,488	16,297
Others:		
Al Habtoor Group companies	2	49
	16,490	16,346

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) Three months period ended March 31, 2012 AED'000	(Un-audited) Three months period ended March 31, 2011 AED'000
Premiums written	12,448	18,957
Claims paid	2,417	6,616
Commission paid	250	907
Agency repairs	3,955	3,987

7 Cash and cash equivalents

	(Un-audited) March 31, 2012 AED'000	(Audited) December 31, 2011 AED'000
Cash in hand and at banks	24,080	11,223

7 Cash and cash equivalents (continued)

(a) Cash at banks includes approximately AED 0.3 million (2011: AED 0.3 million) converted from Lebanese Lira (LL).

(b) Cash at banks includes short term deposits with local banks carrying interest ranging from 1.2% - 2.5% (December 31, 2011: 1% - 2.5%).

8 Earnings per share

Basic and diluted

	(Un-audited) Three months period ended March 31, 2012	(Un-audited) Three months period ended March 31, 2011
Earnings (AED'000):		
Net profit for the period	6,095	8,419
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	110,000,000	110,000,000
Earnings per share (AED):		
Basic and diluted	0.06*	0.08*

* These figures are rounded off

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

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.

9 Segment information (continued)

	Three months period ended March 31, 2012 AED '000			Three months period ended March 31, 2011 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	30,397		30,397	44,287		44287
Segment result	4,567	6,073	10,640	4,761	8,068	12,829
Unallocated administrative cost			(4,545)			(4,410)
Net profit for the period			6,095			8,419

	March 31, 2012 AED '000			December 31, 2011 AED '000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment assets	126,377	202,973	329,350	128,241	193,918	322,159
Unallocated assets			34,348			21,491
Total assets			363,698			343,650
Segment liabilities	176,503	5,035	181,538	173,766	2,565	176,331
Unallocated liabilities			-			772
Total liabilities			181,538			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.

11 Proposed dividend and bonus issue

The Board has proposed cash dividend of 15% of paid up capital, AED 16.5 million (AED 0.15 per share) and bonus shares of 5% of the paid up capital (5.5 million shares) for the year ended December 31, 2011. This was approved at the Annual General Meeting held on April 5, 2012. This is treated as non-adjusting subsequent event.