Dated : 13th November 2011

Directors' Report
For the Third Quarter Ended 30th September 2011

The Board of Directors is pleased to present the unaudited results for the third quarter ended 30th September 2011.

- The gross premium written as of the third quarter of 2011 is AED 92.864 Million.
- The net underwriting income is AED 15.072 Million as of the third quarter of 2011.
- The company achieved net profit of AED 16.763 Million as of the third quarter of 2011.

Mohammed Khalaf Al Habtoor
Managing Director

Grant Thornton

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

Dubai - United Arab Emirates

Interim Condensed Financial Information
(Un-audited)

For the period ended September 30, 2011

Dubai National Insurance & Reinsurance (P.S.C)
Interim Condensed Financial Information
For the period ended September 30, 2011

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Grant Thornton

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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 interim condensed statement of financial position of Dubai National Insurance & Reinsurance (P.S.C) (the "Company") as of September 30, 2011 and the related interim condensed income statement, interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the nine-month 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".

Grant Thornton

Grant Thornton
Farouk Mohamed
Insurance Registration No: 54

Dubai, United Arab Emirates
Date: November 3, 2011

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

Interim Condensed Statement of Financial Position
as at September 30, 2011

	Notes	(Un-audited) September 30, 2011 AED'000	(Audited) December 31, 2010 AED'000
Assets			
Non-current			
Statutory deposits	3	10,268	10,268
Property and equipment		2,135	2,281
Investment property	4	89,306	90,688
		101,709	103,237
Current			
Available-for-sale financial assets	5	104,593	101,295
Insurance receivables		55,942	46,445
Other receivables		1,015	1,097
Due from related parties	6	11,244	14,128
Re-insurers' share of outstanding claims		78,746	310,767
Cash in hand and at banks including deposits	7	7,823	42,205
		259,363	515,937
Total assets		361,072	619,174
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
Available-for-sale financial assets reserve		(267,006)	(270,304)
Retained earnings		18,406	23,643
Total equity		160,750	162,689
Liabilities			
Non-current			
Employees' end-of-service benefits		1,606	1,571
		1,606	1,571
Current			
Outstanding claims provision		96,763	329,322
Technical provisions		25,831	35,443
Insurance payables		49,473	62,991
Other payables		14,003	15,594
Due to related parties	6	12,646	11,564
		198,716	454,914
Total liabilities		200,322	456,485
Total equity and liabilities		361,072	619,174

This interim condensed financial information was approved by the Board of Directors on November 3, 2011 and signed on their behalf by:

Sultan Ahmed Al Habtoor
Vice Chairman

Mohammed K. Al Habtoor
Managing Director

The notes on pages 7 to 12 form an integral part of this interim condensed financial information.

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

Interim Condensed Income Statement
For the period ended September 30, 2011

	(Un-audited) 9 months ended September 30, 2011 AED'000	(Un-audited) 9 months ended September 30, 2010 AED'000	(Un-audited) 3 months ended September 30, 2011 AED'000	(Un-audited) 3 months ended September 30, 2010 AED'000
Gross premium	92,864	101,788	14,939	19,488
Reinsurance share of premium	(61,351)	(72,622)	(9,135)	(12,287)
Net premium	31,513	29,166	5,804	7,201
Net transfer to unearned premium	181	9,639	3,439	3,305
Net premium earned	31,694	38,805	9,243	10,506
Commission earned	10,016	9,021	1,740	1,325
Commission paid	(7,302)	(10,327)	(1,723)	(2,850)
Others	3,157	459	1,409	203
Gross underwriting income	37,565	37,958	10,669	9,184
Gross claims paid	203,540	84,002	13,443	24,137
Reinsurance share	(171,078)	(55,591)	(7,976)	(16,186)
Net claims paid	32,462	28,411	5,467	7,951
(Provision)/ release for outstanding claims and technical provisions	(241,990)	92	(896)	251
Reinsurance share of outstanding claims	232,021	(5,925)	1,484	(1,669)
Net claims incurred	22,493	22,578	6,055	6,533
Net underwriting income	15,072	15,380	4,614	2,651
Income from available-for sale financial assets	5,172	6,431	51	436
Income from investment property - net	9,425	10,362	2,945	3,168
Other income	92	37	17	-
Gross income	29,761	32,210	7,627	6,255
General and administrative expenses	(12,998)	(12,089)	(4,166)	(4,208)
Net profit for the period	16,763	20,121	3,461	2,047
Earnings per share:				
Basic and diluted (note 8)	AED 0.15	AED 0.18	AED 0.03	AED 0.02

The notes on pages 7 to 12 form an integral part of this interim condensed financial information.

Interim Condensed Statement of Comprehensive Income
For the period ended September 30, 2011

	(Un-audited) 9 months ended September 30, 2011 AED'000	(Un-audited) 9 months ended September 30, 2010 AED'000	(Un-audited) 3 months ended September 30, 2011 AED'000	(Un-audited) 3 months ended September 30, 2010 AED'000
Net profit for the period	16,763	20,121	3,461	2,047
Other comprehensive income:				
Net unrealized profit/(loss) on available-for-sale financial assets	3,298	(4,248)	(6,789)	15,086
Translation of operating assets and liabilities of overseas branch	-	2	-	-
Other comprehensive income/(loss) for the period	3,298	(4,246)	(6,789)	15,086
Total comprehensive Income/(loss) for the period	20,061	15,875	(3,328)	17,133

The notes on pages 7 to 12 form an integral part of this interim condensed financial information.

Interim Condensed Statement of Changes in Equity
For the period ended September 30, 2011

	Share capital AED'000	Legal reserve AED'000	Obligatory reserve AED'000	General reserve AED'000	Available-for-sale financial assets reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance at January 1, 2010 (Audited)	100,000	50,000	25,000	220,000	(261,916)	46,835	179,919
Dividend paid	-	-	-	-	-	(30,000)	(30,000)
Bonus issue	10,000	-	-	-	-	(10,000)	-
Transactions with owners	10,000	-	-	-	-	(40,000)	(30,000)
Profit for the period	-	-	-	-	-	20,121	20,121
Other comprehensive (loss)/income	-	-	-	-	(4,248)	2	(4,246)
Total comprehensive loss for the period	-	-	-	-	(4,248)	20,123	15,875
Balance at September 30, 2010 (Un-audited)	110,000	50,000	25,000	220,000	(266,164)	26,958	165,794
Balance at January 1, 2011 (Audited)	110,000	52,175	27,175	220,000	(270,304)	23,643	162,689
Dividend paid	-	-	-	-	-	(22,000)	(22,000)
Transactions with owners	-	-	-	-	-	(22,000)	(22,000)
Profit for the period	-	-	-	-	-	16,763	16,763
Other comprehensive income	-	-	-	-	3,298	-	3,298
Total comprehensive income for the period	-	-	-	-	3,298	16,763	20,061
Balance at September 30, 2011 (Un-audited)	110,000	52,175	27,175	220,000	(267,006)	18,406	160,750

The notes on pages 7 to 12 form an integral part of this interim condensed financial information.

Interim Condensed Statement of Cash Flows
For the period ended September 30, 2011

	(Un-audited) 9 months ended September 30, 2011 AED'000	(Un-audited) 9 months ended September 30, 2010 AED'000
Cash flows from operating activities		
Net profit for the period	16,763	20,121
Adjustments for non-cash transactions:		
Depreciation on property and equipment	785	556
Depreciation on investment property	1,382	1,376
Net movement in employees' end-of-service benefits	35	289
Net transfer to technical provisions	(9,612)	(9,639)
Provision for outstanding claims	(232,559)	92
Reinsurers' share of outstanding claims	232,021	(5,925)
Dividend and interest on long-term deposits	-	(6,431)
Income from investment property	-	(11,738)
Profit on sale of property and equipment	(92)	-
	8,723	(11,299)
Net changes in working capital		
Insurance receivables	(9,497)	11,543
Other receivables	82	(581)
Insurance and other payables	(15,109)	(7,812)
Due from/(to) related parties	3,966	9,590
Net cash (used in)/generated from operating activities	(11,835)	1,441
Cash flows from investing activities		
Purchase of property and equipment	(668)	(291)
Decrease in statutory deposits	-	2,926
Income from investment property	-	11,738
Dividend and interest received on long-term deposits	-	6,431
Proceeds from sale of property and equipment	121	-
Net cash (used in)/generated from investing activities	(547)	20,804
Cash flows from financing activity		
Dividend paid	(22,000)	(30,000)
Net cash used in financing activity	(22,000)	(30,000)
Net change in cash and cash equivalents	(34,382)	(7,755)
Cash and cash equivalents, beginning of period	42,205	55,979
Exchange in differences on cash and cash equivalents	-	2
Cash and cash equivalents, end of period	7,823	48,226

The notes on pages 7 to 12 form an integral part of this interim condensed financial information.

Notes to the interim condensed 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 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, 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. IAS 1(Amended) – Presentation of financial statements
3. IFRS 7 (Amended) – Financial instruments: disclosures
4. IAS 34 – Interim financial reporting

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.

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.

2 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.

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.

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.

3 Statutory deposits

	(Un-audited) September 30, 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
	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 (as amended) 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) September 30, 2011 AED'000	(Audited) December 31, 2010 AED'000
Within U.A.E:		
Cost at the beginning of the period	105,721	105,721
Accumulated depreciation	(16,415)	(15,033)
Written down value at the end of the period	89,306	90,688

5 Available-for-sale financial assets

	(Un-audited) September 30, 2011 AED'000	(Audited) December 31, 2010 AED'000
Quoted securities and funds, at cost	361,057	361,057
Cumulative changes in fair value transferred to equity	(267,006)	(270,304)
	94,051	90,753
Unquoted securities	18,437	18,437
Less: provision for diminution in value	(7,895)	(7,895)
	104,593	101,295

6 Related party balances

Details of related partiy' balances are as follows:

	(Un-audited) September 30, 2011 AED'000	(Audited) December 31, 2010 AED'000
Due from related parties		
Al Habtoor Leighton LLC (Formerly Habtoor Engineering Enterprises Co L.L.C)	6,060	4,128
Dubai National Investment Co.	1,839	64
Diamond Lease L.L.C	1,083	8,864
Other Habtoor Group companies	2,262	1,072
	11,244	14,128

6 Related party balances (continued)

	(Un-audited) September 30, 2011 AED'000	(Audited) December 31, 2010 AED'000
Due to related parties		
Due to investor:		
Al Habtoor Motors Co L.L.C	12,471	11,500
Others:		
Al Habtoor Group companies	175	64
	12,646	11,564

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) Nine months ended September 30, 2011 AED'000	(Audited) Year ended December 31, 2010 AED'000
Premiums written	42,446	45,427
Claims paid	156,969	23,328
Commission paid	1,860	206
Agency repairs	9,645	1,840
Purchase of vehicles	-	100

7 Cash in hand and at banks including deposits

	(Un-audited) September 30, 2011 AED'000	(Audited) December 31, 2010 AED'000
Held at UAE banks	7,642	41,905
Held with a bank outside UAE	181	300
	7,823	42,205

8 Earnings per share

Basic and diluted

	(Un-audited) 9 months ended September 30, 2011	(Un-audited) 9 months ended September 30, 2010	(Un-audited) 3 months ended September 30, 2011	(Un-audited) 3 months ended September 30, 2010
Earnings (AED'000):				
Net profit for the period	16,763	20,121	3,461	2,047
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings per share	110,000,000	110,000,000	110,000,000	110,000,000
Earnings per share (AED):				
Basic and diluted	0.15*	0.18*	0.03*	0.02*

* 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 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.

9 Segment information

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

	(Un- audited) Nine months ended September 30, 2011 AED'000			(Un-audited) Nine months ended September 30, 2010 AED'000		
	General business	Life & Health	Total	General business	Life & Health	Total
Gross premium written	56,156	36,708	92,864	51,404	50,384	101,788
Gross underwriting income	23,362	14,203	37,565	26,204	11,754	37,958
Net claims incurred	12,122	10,371	22,493	16,628	5,950	22,578
Net underwriting income	11,240	3,832	15,072	9,576	5,804	15,380

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, 2010: AED 0.268 million) which is secured by way of deposits held.

11 Claim settlement

Al Habtoor Motors Co. L.L.C ("AHM", a related party) had commenced legal proceedings in the English courts in 2009 against the Company in respect of claim for damage to vehicles as a result of a hailstorm which occurred on 25th and 26th March 2009. The Company in turn initiated proceedings in the English courts against its facultative reinsurers.

In April 2010, all parties involved in the litigation (AHM, the Company and the facultative reinsurers) agreed to refer the dispute to mediation and have successfully resolved the matter out of court. The Company has agreed to settle the AHM claim and the facultative reinsurers have also reached settlement of the Company's claims as per settlement agreements with respective parties. All claims and counter claims relating to the English proceedings have now come to a conclusion and the English court has been notified accordingly. This had no adverse financial impact on the Company's income statement as the Company has maintained adequate reserves in this regard.