

**Ras Al Khaimah National Insurance  
Company P.S.C.**

**Condensed interim financial information**  
*for the three-month period ended 31 March 2015*

# Ras Al Khaimah National Insurance Company P.S.C.

## Condensed interim financial information

*for the three-month period ended 31 March 2015*

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## **Independent auditors' report on review of condensed interim financial information**

The Shareholders  
Ras Al Khaimah National Insurance Company P.S.C.

### *Introduction*

We have reviewed the accompanying 31 March 2015 condensed interim financial information of Ras Al Khaimah National Insurance Company P.S.C. ("the Company"), consisting of:

- the condensed interim statement of financial position as at 31 March 2015;
- the condensed interim statement of profit or loss for the three-month period ended 31 March 2015;
- the condensed interim statement of comprehensive income for the three-month period ended 31 March 2015;
- the condensed interim statement of changes in equity for the three-month period ended 31 March 2015;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2015; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 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 condensed 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 31 March 2015 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited  
Muhammad Tariq  
Registration No: 793

Date: **17 MAY 2015**

## Ras Al Khaimah National Insurance Company P.S.C.

### Condensed interim statement of financial position

as at 31 March 2015

		(Un-audited) 31 March 2015	(Audited) 31 December 2014	1 January 2014
	Notes	AED	AED	AED
<b>ASSETS</b>				
Property and equipment		2,809,721	2,738,680	2,418,056
Investment properties		5,984,326	6,031,947	7,576,193
Investment securities	6	54,441,223	54,960,670	46,690,310
Statutory deposit		10,000,000	10,000,000	10,000,000
Insurance contract assets	8	99,324,011	88,751,508	80,476,225
Insurance and other receivables	10	194,886,398	185,730,063	120,503,129
Cash and bank balances	9	187,660,450	175,803,915	201,540,770
<b>Total assets</b>		<b>555,106,129</b>	<b>524,016,783</b>	<b>469,204,683</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	14	110,000,000	110,000,000	100,000,000
Statutory reserve		39,861,103	39,861,103	36,073,578
Special reserve		20,000,000	20,000,000	20,000,000
Cumulative changes in fair value of available-for-sale securities		19,173,838	19,604,042	11,699,497
Retained earnings		51,276,957	36,549,157	43,397,784
<b>Total equity</b>		<b>240,311,898</b>	<b>226,014,302</b>	<b>211,170,859</b>
Provision for employee's end of service benefits		3,430,772	3,997,806	3,438,451
Insurance contract liabilities	8	238,333,096	229,425,612	193,207,862
Insurance and other payables		73,030,363	64,579,063	61,387,511
<b>Total liabilities</b>		<b>314,794,231</b>	<b>298,002,481</b>	<b>258,033,824</b>
<b>Total equity and liabilities</b>		<b>555,106,129</b>	<b>524,016,783</b>	<b>469,204,683</b>

The notes on pages 7 to 16 form an integral part of these condensed interim financial information.

These condensed interim financial statements were authorised for issue and approved by the Board on

17 MAY 2015

and signed on its behalf by :

Chairman

Chief Executive Officer

The independent auditors' report on review of condensed interim financial information is set out on page 1.

# Ras Al Khaimah National Insurance Company P.S.C.

## Condensed interim statement of profit or loss

for the three-month period ended 31 March 2015

	<i>Notes</i>	<b>(Un-audited) For the three- month period ended 31 March 2015 AED</b>	(Un-audited) For the three- month period ended 31 March 2014 AED (Restated)
Gross insurance premium		<b>82,062,517</b>	76,586,430
Less: insurance premium ceded to reinsurers		<b>(23,967,570)</b>	(27,255,371)
Net retained premium		<b>58,094,947</b>	49,331,059
Net change in unearned premium reserve	8	<b>(5,228,789)</b>	(8,848,799)
<b>Net insurance premium</b>		<b>52,866,158</b>	40,482,260
Gross claims incurred	8	<b>(39,965,562)</b>	(51,578,684)
Insurance claims recovered from reinsurers	8	<b>13,018,484</b>	30,690,769
<b>Net claims incurred</b>		<b>(26,947,078)</b>	(20,887,915)
Gross commission earned		<b>2,076,131</b>	2,415,384
Less: commission incurred		<b>(6,592,281)</b>	(5,013,776)
<b>Net commission incurred</b>		<b>(4,516,150)</b>	(2,598,392)
<b>Gross underwriting profit</b>		<b>21,402,930</b>	16,995,953
General and administrative expenses relating to underwriting activities		<b>(6,386,985)</b>	(3,206,427)
<b>Net underwriting profit</b>		<b>15,015,945</b>	13,789,526
Investment income		<b>839,751</b>	1,416,960
Other income		<b>1,001,099</b>	1,075,370
Unallocated general and administrative expenses		<b>(2,128,995)</b>	(1,068,809)
<b>Profit for the period</b>		<b>14,727,800</b>	15,213,047
Earnings per share	17	<b>0.13</b>	0.14

The notes on pages 7 to 16 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on page 1.

**Ras Al Khaimah National Insurance Company P.S.C.**  
 Condensed interim statement of comprehensive income  
 for the three-month period ended 31 March 2015

	(Un-audited) <b>For the three- month period ended 31 March 2015</b> AED	(Un-audited) For the three- month period ended 31 March 2014 AED (Restated)
<b>Profit for the period</b>	<b>14,727,800</b>	15,213,047
<b>Other comprehensive income</b>		
<i>Items that will be reclassified to profit or loss:</i>		
Net change in fair value of available-for-sale securities	(430,204)	6,075,386
<b>Total other comprehensive (loss) / income for the period</b>	<u>(430,204)</u>	<u>6,075,386</u>
<b>Total comprehensive income for the period</b>	<u><b>14,297,596</b></u>	<u>21,288,433</u>

The notes on pages 7 to 16 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on page 1.

**Ras Al Khaimah National Insurance Company P.S.C.**

Condensed interim statement of changes in shareholders' equity (Un-audited)

for the three-month period ended 31 March 2015

**Attributable to the equity holders of the Company**

	<b>Share capital AED</b>	<b>Statutory reserve AED</b>	<b>Special reserve AED</b>	<b>Cumulative changes in fair value of AFS securities AED</b>	<b>Retained earnings AED</b>	<b>Total AED</b>
Balance at 31 December 2013, as previously reported	100,000,000	36,073,578	20,000,000	17,626,610	49,515,669	223,215,857
Effect of reclassification of an associate to AFS	-	-	-	(5,927,113)	(1,921,533)	(7,848,646)
Impact of change in accounting policy	-	-	-	-	(4,196,352)	(4,196,352)
<b>Balance as at 1 January 2014 (restated)</b>	<b>100,000,000</b>	<b>36,073,578</b>	<b>20,000,000</b>	<b>11,699,497</b>	<b>43,397,784</b>	<b>211,170,859</b>
<b>Total comprehensive income for the period</b>						
Profit for the period (restated)	-	-	-	-	15,213,047	15,213,047
<b>Other comprehensive income for the period</b>						
Net change in fair value of AFS investments	-	-	-	6,075,386	-	6,075,386
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,075,386</b>	<b>-</b>	<b>6,075,386</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,075,386</b>	<b>15,213,047</b>	<b>21,288,433</b>
<b>As at 31 March 2014 (restated)</b>	<b>100,000,000</b>	<b>36,073,578</b>	<b>20,000,000</b>	<b>17,774,883</b>	<b>58,610,831</b>	<b>232,459,292</b>
<b>Balance at 1 January 2015 (restated)</b>	<b>110,000,000</b>	<b>39,861,103</b>	<b>20,000,000</b>	<b>19,604,042</b>	<b>36,549,157</b>	<b>226,014,302</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	14,727,800	14,727,800
<b>Other comprehensive income for the period</b>						
Net change in fair value of AFS investments	-	-	-	(430,204)	-	(430,204)
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(430,204)</b>	<b>-</b>	<b>(430,204)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(430,204)</b>	<b>14,727,800</b>	<b>14,297,596</b>
<b>As at 31 March 2015</b>	<b>110,000,000</b>	<b>39,861,103</b>	<b>20,000,000</b>	<b>19,173,838</b>	<b>51,276,957</b>	<b>240,311,898</b>

The notes on pages 7 to 16 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on page 1.

# Ras Al Khaimah National Insurance Company P.S.C.

## Condensed interim statement of cash flows

for the three-month period ended 31 March 2015

	Notes	(Un-audited) For the three- month period ended 31 March 2015 AED	(Un-audited) For the three- month period ended 31 March 2014 AED (Restated)
<b>Cash flows from operating activities</b>			
Profit for the period		14,727,800	15,213,047
<i>Adjustment for:</i>			
Depreciation of property and equipment		261,691	203,173
Depreciation of investment property		47,621	60,997
Provision of employees' end of service benefits		384,177	170,374
Unrealised loss / (gain) on financial assets at FVTPL		89,243	(686,018)
Income from investment property		(47,392)	(56,593)
Interest income		(924,259)	(1,068,237)
Dividend income		(881,602)	(674,349)
Gain on disposal of property and equipment		(2,750)	-
		<u>13,654,529</u>	<u>13,162,394</u>
Change in re-insurance contract assets		(10,572,503)	(31,015,165)
Change in insurance contract liabilities		8,907,484	37,954,918
Change in insurance and other receivables		(9,370,246)	(37,495,386)
Change in insurance and other payables		8,451,415	2,062,358
Employees' end of service benefits paid		(951,211)	(104,724)
<b>Net cash generated from / (used in) operating activities</b>		<u>10,119,468</u>	<u>(15,435,605)</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(332,732)	(97,872)
Proceeds from disposal of property and equipment		2,750	-
Income from investment property		47,392	56,593
Interest received		1,138,170	1,427,270
Dividend received		881,602	674,349
Increase in fixed deposit with banks with maturity greater than three months		(19,897,137)	(19,044,905)
<b>Net cash used in investing activities</b>		<u>(18,159,955)</u>	<u>(16,984,565)</u>
<b>Cash flows from financing activities</b>			
Dividend paid		(115)	-
<b>Net cash used in financing activities</b>		<u>(115)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,040,602)</b>	<b>(32,420,170)</b>
Cash and cash equivalents at the beginning of the period		83,342,712	141,847,492
<b>Cash and cash equivalents at the end of the period</b>	11	<u>75,302,110</u>	<u>109,427,322</u>

The notes on pages 7 to 16 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on page 1.



# **Ras Al Khaimah National Insurance Company P.S.C.**

## **Notes to the condensed interim financial information**

*for the three-month period ended 31 March 2015*

### **1. Legal status and principal activities**

Ras Al Khaimah National Insurance Company P.S.C. - Ras Al Khaimah (the "Company") is a public shareholding company, established and incorporated in the Emirate of Ras Al Khaimah by Emiri decree No. 20 dated 15 December 1974 which was amended by Emiri decree No. 10 dated 7 December 1985 and Emiri decree No. 3 dated 5 April 1997 issued by H.H. Sheikh Saqr Bin Mohammed Al Qasimi, the Ruler of the Emirate of Ras Al Khaimah and its dependencies. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E., under registration number 7. The address of the Company's registered corporate office is P. O. Box 506, Ras Al Khaimah, United Arab Emirates.

The principal activity of the Company is to undertake all classes of insurance business including life assurance, saving and accumulation of funds. The Company operates through its head office in Ras Al Khaimah and branch offices in Dubai and Abu Dhabi.

### **2. Summary of significant accounting policies**

#### **a) Basis of preparation**

These condensed interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements as at and for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

#### **b) Basis of measurement**

The condensed interim financial information have been prepared on the historical cost basis except for the following:

- i) financial instruments at fair value through profit and loss ("FVTPL") are measured at fair value; and
- ii) available-for-sale ("AFS") financial assets are measured at fair value.

#### **c) Significant accounting policies**

The accounting policies adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the Company's audited financial statements for the year ended 31 December 2014, except for the voluntary change in accounting policy in respect of unearned premium reserve.

The adoption of new and amended standards and interpretations did not have an impact on the financial position or performance of the Company during the period.

#### *Change in accounting policy*

On 1 January 2015, the Company has voluntarily changed its accounting policy for recognising revenue from insurance contracts relating to general insurance business. Prior to the change in the accounting policy, the Company had recognised revenue (earned premium) from insurance contracts, deferring 40% of annual written premium as unearned premium except marine class of business of which the amount to be deferred was calculated at 25% of the annual written premium. The change in accounting policy in the current year has resulted in recognising earned premium on time-proportion basis wherein revenue from an insurance contract is recognised over the effective period of the policy.

# Ras Al Khaimah National Insurance Company P.S.C.

Notes (continued)

## 2. Summary of significant accounting policies (continued)

### c) Significant accounting policies (continued)

#### *Change in accounting policy (continued)*

Management takes the view that the change in accounting policy provides more relevant and reliable information of the Company's financial performance and financial position to the economic decisions making of the users of the condensed interim financial information because it recognises revenue more accurately over the effective period of insurance contract coverage. The change in accounting policy has been retrospectively applied by the Company. The effects of change in accounting policy are described in note 16 to the condensed interim financial information.

At the end of the reporting period, proportions of net retained premium are provided to cover portions of risks which have not expired. The reserves are calculated on time-proportion basis by an independent actuary whilst maintaining the reserve requirements by the Company.

### d) Functional and presentation currency

These condensed interim financial information are presented in U.A.E. Dirhams ("AED") since that is the currency in which the majority of the Company's transactions are denominated.

### e) Use of estimates and judgments

The preparation of condensed interim financial information in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

In preparing these condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the year ended 31 December 2014.

## 3. Financial risk management

Aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2014.

## 4. Interim measurement

The nature of the Company's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These condensed interim financial information were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year.

# Ras Al Khaimah National Insurance Company P.S.C.

Notes (continued)

## 5. Classes and categories of financial assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities:

At 31 March 2015 (Un-audited)

<b><u>Financial assets</u></b>	<b>FVTPL AED</b>	<b>AFS AED</b>	<b>Amortised cost AED</b>	<b>Total AED</b>
Investment securities	4,391,581	46,342,442	3,707,200	54,441,223
Insurance and other receivables	-	-	194,886,398	194,886,398
Re-insurance share of outstanding claims	-	-	61,558,129	61,558,129
Statutory deposit	-	-	10,000,000	10,000,000
Cash and bank balances	-	-	187,660,450	187,660,450
	<b>4,391,581</b>	<b>46,342,442</b>	<b>457,812,177</b>	<b>508,546,200</b>
<b><u>Financial liabilities</u></b>				
Insurance and other payables	-	-	73,030,363	73,030,363
Outstanding claims	-	-	86,620,537	86,620,537
	-	-	<b>159,650,900</b>	<b>159,650,900</b>

At 31 December 2014 (Audited)

<b><u>Financial assets</u></b>	<b>FVTPL AED</b>	<b>AFS AED</b>	<b>Amortised cost AED</b>	<b>Total AED</b>
Investment securities	4,480,824	46,772,646	3,707,200	54,960,670
Insurance and other receivables	-	-	185,730,063	185,730,063
Re-insurance share of outstanding claims	-	-	54,200,659	54,200,659
Statutory deposit	-	-	10,000,000	10,000,000
Cash and bank balances	-	-	175,803,915	175,803,915
	<b>4,480,824</b>	<b>46,772,646</b>	<b>429,441,837</b>	<b>480,695,307</b>
<b><u>Financial liabilities</u></b>				
Insurance and other payables	-	-	64,579,063	64,579,063
Outstanding claims	-	-	85,828,598	85,828,598
	-	-	<b>150,407,661</b>	<b>150,407,661</b>

# Ras Al Khaimah National Insurance Company P.S.C.

## Notes (continued)

### 6. Investment securities

	(Un-audited)	(Audited)
	31 March	31 December
	2015	2014
	AED	AED
Financial assets at AFS - quoted - within UAE	46,342,442	46,772,646
Financial assets at FVTPL - quoted - within UAE	4,391,581	4,480,824
Financial assets at HTM - quoted - within UAE	3,707,200	3,707,200
	<u>54,441,223</u>	<u>54,960,670</u>

### 7. Fair value hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the

Financial assets	Level 1	Level 2	Level 3	Total
	AED	AED	AED	AED
<b>At 31 March 2015 (Un-audited)</b>				
FVTPL	4,391,581	-	-	4,391,581
AFS	46,342,442	-	-	46,342,442
	<u>50,734,023</u>	<u>-</u>	<u>-</u>	<u>50,734,023</u>
<b>At 31 December 2014 (Audited)</b>				
FVTPL	4,480,824	-	-	4,480,824
AFS	46,772,646	-	-	46,772,646
	<u>51,253,470</u>	<u>-</u>	<u>-</u>	<u>51,253,470</u>

### 8. Insurance contract liabilities and insurance contract assets

	(Un-audited)	(Audited)
	31 March	31 December
	2015	2014
	AED	AED
		(Restated)
<b>Insurance contract liabilities</b>		
Claims reported unsettled	86,620,537	85,828,598
Claims incurred but not reported	4,331,026	4,291,430
Unearned premiums	147,381,533	139,305,584
<b>Insurance contract liabilities</b>	<u>238,333,096</u>	<u>229,425,612</u>
<b>Insurance contract assets</b>		
Claims reported unsettled	(61,558,129)	(54,200,659)
Claims incurred but not reported	(3,077,906)	(2,710,033)
Deferred reinsurance premiums	(34,687,976)	(31,840,816)
<b>Total insurers' share of insurance contracts</b>	<u>(99,324,011)</u>	<u>(88,751,508)</u>

**Ras Al Khaimah National Insurance Company P.S.C.**  
**Notes (continued)**

**8. Insurance contract liabilities and re-insurance contract assets (continued)**

Movements in the insurance contract liabilities and reinsurance contract assets during the period were as follows:

	Period ended 31 March 2015			Period ended 31 March 2014 (restated)		
	Gross AED	Reinsurance AED	Net AED	Gross AED	Reinsurance AED	Net AED
<b>Claims</b>						
Notified claims	85,828,598	(54,200,659)	31,627,939	92,142,322	(51,590,165)	40,552,157
Incurred but not reported	4,291,430	(2,710,033)	1,581,397	6,717,231	(2,579,508)	4,137,723
<b>Total at the beginning of the period</b>	<b>90,120,028</b>	<b>(56,910,692)</b>	<b>33,209,336</b>	<b>98,859,553</b>	<b>(54,169,673)</b>	<b>44,689,880</b>
Claims settled in the period	(39,134,027)	5,293,141	(33,840,886)	(29,361,792)	6,564,831	(22,796,961)
Increase in liabilities	39,965,562	(13,018,484)	26,947,078	51,578,684	(30,690,769)	20,887,915
<b>Total at the end of the period</b>	<b>90,951,563</b>	<b>(64,636,035)</b>	<b>26,315,528</b>	<b>121,076,445</b>	<b>(78,295,611)</b>	<b>42,780,834</b>
Notified claims	86,620,537	(61,558,129)	25,062,408	115,057,121	(74,567,249)	40,489,872
Incurred but not reported	4,331,026	(3,077,906)	1,253,120	6,019,324	(3,728,362)	2,290,962
<b>Total at the end of the period</b>	<b>90,951,563</b>	<b>(64,636,035)</b>	<b>26,315,528</b>	<b>121,076,445</b>	<b>(78,295,611)</b>	<b>42,780,834</b>
<b>Unearned premium</b>						
<b>Total at the beginning of the period</b>	<b>139,305,584</b>	<b>(31,840,816)</b>	<b>107,464,768</b>	<b>94,348,309</b>	<b>(26,306,552)</b>	<b>68,041,757</b>
Increase during the period	147,381,533	(34,687,976)	112,693,557	110,086,335	(33,195,779)	76,890,556
Release during the period	(139,305,584)	31,840,816	(107,464,768)	(94,348,309)	26,306,552	(68,041,757)
Net increase during the period	<b>8,075,949</b>	<b>(2,847,160)</b>	<b>5,228,789</b>	<b>15,738,026</b>	<b>(6,889,227)</b>	<b>8,848,799</b>
<b>Total at the end of the period</b>	<b>147,381,533</b>	<b>(34,687,976)</b>	<b>112,693,557</b>	<b>110,086,335</b>	<b>(33,195,779)</b>	<b>76,890,556</b>

# Ras Al Khaimah National Insurance Company P.S.C.

## Notes (continued)

### 9. Cash and bank balances

	(Un-audited)	(Audited)
	31 March	31 December
	2015	2014
	AED	AED
Cash on hand	<u>140,146</u>	<u>119,661</u>
Bank balances:		
Current accounts	(436,058)	1,245,588
Call accounts	34,929,632	22,546,725
Fixed deposits	<u>153,026,730</u>	<u>151,891,941</u>
	<u>187,520,304</u>	<u>175,684,254</u>
	<u>187,660,450</u>	<u>175,803,915</u>

Bank balances are maintained with financial institutions in the United Arab Emirates.

Fixed deposit of AED 300,000 (2014: AED 300,000) is under lien in respect of carrying out commercial activities in Abu Dhabi, United Arab Emirates.

Fixed deposits carried interest ranging from 0.08% to 3.25% per annum (2014: 0.75% to 3.25% per annum).

### 10. Insurance and other receivables

Insurance and other receivables includes account receivable from a client which was converted into an unsecured loan. The loan carries an interest rate of 5.5% and is repayable in 37 equal installments commencing 20 April 2014. At the reporting date, the loan outstanding balance is AED 17.7 million; against which the Company has made a provision for doubtful debt of AED 8 million due to difficulties in collection.

### 11. Cash and cash equivalents

Cash and cash equivalents at the end of the period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	(Un-audited)	(Audited)
	31 March	31 December
	2015	2014
	AED	AED
Cash and bank balances (refer note 9)	187,660,450	175,803,915
Bank fixed deposits with maturity greater than three months	(112,058,340)	(92,161,203)
Fixed deposits under lien	(300,000)	(300,000)
	<u>75,302,110</u>	<u>83,342,712</u>

### 12. Related party transactions

The Company is partly owned by Government of Ras Al Khaimah (47.06%). Government related entities are independently run business entities. The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 - (Revised). The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At the end of the reporting period, amounts due from/to related parties which are included in the respective account balances are detailed below:

## Ras Al Khaimah National Insurance Company P.S.C.

Notes (continued)

### 12. Related party transactions (continued)

	(Un-audited) 31 March 2015 AED	(Audited) 31 December 2014 AED
Due from policyholders	<u>34,943,201</u>	<u>31,249,175</u>
Due to policyholders	<u>(240,511)</u>	<u>(389,060)</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given and no expense has been recognised in the year for bad or doubtful debts in respect of the amounts owed by related parties.

#### Transactions

During the period, the Company entered into the following transactions with related parties:

	(Un-audited) For the three- month period ended 31 March 2015 AED	(Un-audited) For the three- month period ended 31 March 2014 AED
Gross premiums	<u>10,738,291</u>	<u>13,860,280</u>
Claims paid	<u>1,659,333</u>	<u>920,734</u>

Premiums are charged to related parties at rates agreed with management.

#### Compensation of key management personnel

Short-term benefits	<u>444,900</u>	<u>399,900</u>
Long-term benefits	<u>24,164</u>	<u>21,575</u>

### 13. Contingent liabilities

	(Un-audited) 31 March 2015	(Audited) 31 December 2014
Letters of guarantee*	<u>10,300,000</u>	<u>10,300,000</u>

\*Includes AED 10,000,000 (2014: AED 10,000,000) issued in favour of Insurance Authority of U.A.E.

# Ras Al Khaimah National Insurance Company P.S.C.

## Notes (continued)

### 14. Dividends

The Board of Directors proposed cash dividend of 20% amounting to AED 22,000,000 (2014: 10% cash dividend amounting to AED 10,000,000 and 10% bonus shares of AED 10,000,000). However, the shareholders during the Annual General Meeting held on 6 April 2015 approved cash dividend of 10% amounting to AED 11,000,000. Further, the shareholders also approved Director's remuneration of AED 1,300,000 (2014: AED 1,300,000).

### 15. Segment information

#### Business segments

For management purposes the Company is organised into two business segments, general insurance and investments. These segments are the basis on which the Company reports its primary segment information.

Underwriting of general insurance business incorporating all classes of general insurance including fire, marine, motor, general accident and miscellaneous.

Investments incorporating investments in U.A.E marketable equity securities, term deposits with banks, investment properties, trading investments and other securities.

	For the three-month period ended 31 March 2015			For the three-month period ended 31 March 2014		
	Underwriting	Investment and Treasury	Total	Underwriting	Investment and Treasury	Total
(Un-audited)	AED	AED	AED	AED	AED	AED
Segment revenue	82,062,517	-	82,062,517	76,586,430	-	76,586,430
Segment result	15,015,945	1,840,850	16,856,795	13,789,526	2,492,330	16,281,856
Unallocated costs - net	-	-	(2,128,995)	-	-	(1,068,809)
Net profit for the period			14,727,800			15,213,047
	31 March 2015			31 December 2014		
	Underwriting	Investment and Treasury	Total	Underwriting	Investment and Treasury	Total
	(Un-audited)			(Audited)		
	AED	AED	AED	AED	AED	AED
Segment assets	294,831,514	213,152,279	507,983,793	275,102,676	212,584,558	487,687,234
Unallocated assets	-	-	47,122,336	-	-	36,329,549
<b>Total assets</b>			<b>555,106,129</b>			<b>524,016,783</b>
Segment liabilities	311,363,459	-	311,363,459	294,004,675	-	294,004,675
Unallocated liabilities	-	-	3,430,772	-	-	3,997,806
<b>Total liabilities</b>			<b>314,794,231</b>			<b>298,002,481</b>

The following is an analysis of the Company's revenues classified by major underwriting departments:

	Three-month ended	
	31 March 2015	31 March 2014
(Un-audited)	AED	AED
Motor	11,403,906	9,758,291
Marine and aviation	2,233,721	8,633,464
Group life and medical insurance	39,603,200	29,831,435
Engineering, fire, general accidents and others	28,821,690	28,363,240
	<b>82,062,517</b>	<b>76,586,430</b>



## Ras Al Khaimah National Insurance Company P.S.C.

### Notes (continued)

#### 16. Effects of change in accounting policy and reclassification

As disclosed in note 2 (c), the Company has voluntarily changed their accounting policy for recognising revenue from insurance contracts relating to the insurance business.

Furthermore, during 2014, management carried out an assessment of the Company's ability to exercise significant influence over an equity accounted investee. It was concluded that the Company has not been able to participate in the operating and financial policy of investee due to practical reasons, and the Company's ability to exercise significant influence is restricted. Accordingly this investment was reclassified to "available-for-sale securities" from "investment in associate".

The following adjustments have been made in the financial statements:

- the Company's share of profit and reserves in the equity accounted investee recorded in prior years have been removed from the opening retained earnings and reserves as at 1 January 2014;
- the fair value of the investment has been recognised. However, due to un-availability of reliable fair value information for prior periods, it is assumed that the cost of investment approximates the fair value; and
- fair value changes for the current and comparative period have been recorded in statement of comprehensive income.

The effects of the retrospective application of the change in accounting policy and reclassification to the prior years financial statements are summarised below:

#### Financial impact of change in accounting policy and reclassification as at 1 January 2014

	As reported previously AED	Adjustments AED	Restated/reclassified amount AED
<b>Investment in an associate</b>	27,848,646	(27,848,646)	-
<b>Investment securities</b>	26,690,310	20,000,000	46,690,310
<b>Reinsurance contract assets</b>	91,034,014	(10,557,789)	80,476,225
<b>Insurance contract liabilities</b>	199,569,300	(6,361,438)	193,207,862
<b>Retained earnings</b>	49,515,669	(6,117,885)	43,397,784

#### Financial impact of change in accounting policy and reclassification as at 31 December 2014

	As reported previously AED	Adjustments AED	Restated amount AED
<b>Reinsurance contract assets</b>	91,067,786	(2,316,278)	88,751,508
<b>Insurance contract liabilities</b>	207,909,187	21,516,425	229,425,612
<b>Profit for the year</b>	37,875,249	(23,832,703)	14,042,546
<b>Earnings per share</b>	0.34	(0.21)	0.13

## Ras Al Khaimah National Insurance Company P.S.C.

Notes (continued)

### 16. Effects of change in accounting policy and reclassification (continued)

#### Financial impact of change in accounting policy and reclassification as at 31 March 2014

	As previously reported AED	Adjustments AED	Restated/reclassified amount AED
Investment in an associate	25,848,646	(25,848,646)	-
Investment securities	33,451,715	20,000,000	53,451,715
Reinsurance contract assets	111,584,839	(93,449)	111,491,390
<b>Insurance contract liabilities</b>	<b>219,686,525</b>	<b>11,476,255</b>	<b>231,162,780</b>
<b>Profit for the period</b>	<b>20,586,400</b>	<b>(5,373,353)</b>	<b>15,213,047</b>
<b>Earnings per share</b>	<b>0.19</b>	<b>(0.05)</b>	<b>0.14</b>

### 17. Earnings per share

	(Un-audited) For the three- month period ended 31 March 2015 AED	(Un-audited) For the three- month period ended 31 March 2014 AED (Restated)
Profit for the period	<b>14,727,800</b>	15,213,047
Weighted ordinary shares of AED 1 each outstanding during the period	<b>110,000,000</b>	110,000,000
Basic earnings per share	<b>0.13</b>	0.14

The figures for diluted earnings per share are the same as basic earnings per share as the Company has not issued any instruments which would have an impact on earnings per share when exercised. Earnings per share has been adjusted for the impact of change in accounting policy and reclassification of investment in associate as disclosed in note 2 (c) and note 16.

### 18. Comparative figures

Certain comparative figures have been reclassified and restated (refer notes 16 and 17) where appropriate to conform with the presentation and accounting policies adopted in these condensed interim financial information.