

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

Condensed interim financial information
for the nine-month period ended 30 September 2015

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

Condensed interim financial information

for the nine-month period ended 30 September 2015

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

Condensed interim statement of financial position

as at 30 September 2015

		(Un-audited) 30 September 2015	(Audited) 31 December 2014	1 January 2014
	Notes	AED	AED (Restated)	AED (Restated)
ASSETS				
Property and equipment	6	2,959,063	2,738,680	2,418,056
Investment properties	7	5,880,406	6,031,947	7,576,193
Investment securities	8	48,323,997	54,960,670	46,690,310
Statutory deposit		10,000,000	10,000,000	10,000,000
Insurance contract assets	11	114,246,942	88,751,508	80,476,225
Insurance and other receivables	9	222,334,871	185,730,063	120,503,129
Cash and bank balances	10	218,684,598	175,803,915	201,540,770
Total assets		622,429,877	524,016,783	469,204,683
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		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		13,145,023	19,604,042	11,699,497
Retained earnings		56,686,180	36,549,157	43,397,784
Total equity		239,692,306	226,014,302	211,170,859
Insurance contract liabilities	11	276,004,710	229,425,612	193,207,862
Insurance and other payables	13	102,865,680	64,579,063	61,387,511
Provision for employees' end of service benefits	14	3,867,181	3,997,806	3,438,451
Total liabilities		382,737,571	298,002,481	258,033,824
Total equity and liabilities		622,429,877	524,016,783	469,204,683

The notes on pages 7 to 22 form an integral part of these condensed interim financial information.

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

_____ 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 nine-month period ended 30 September 2015

		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		For the three- month period ended	For the three- month period ended	For the nine- month period ended	For the nine- month period ended
Notes	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2014
	AED	AED	AED	AED	AED
		(Restated)		(Restated)	
Gross insurance premium		81,343,219	51,459,491	287,257,734	204,551,468
Less: insurance premium ceded to reinsurers		(6,798,037)	(14,181,780)	(82,434,759)	(65,038,041)
Net retained premium		74,545,182	37,277,711	204,822,975	139,513,427
Net change in unearned premium reserve	11.1	1,318,993	7,550,073	(17,401,586)	(18,790,105)
Net insurance premium		75,864,175	44,827,784	187,421,389	120,723,322
Gross claims incurred	11.1	(70,048,694)	(22,161,482)	(151,585,114)	(114,102,272)
Insurance claims recovered from reinsurers	11.1	12,037,284	1,318,628	27,620,841	37,923,464
Net claims incurred		(58,011,410)	(20,842,854)	(123,964,273)	(76,178,808)
Gross commission earned		(1,761,987)	1,661,827	2,982,569	6,517,117
Less: commission incurred		5,764,118	(3,251,245)	(9,897,265)	(12,739,914)
Net commission earned / (incurred)		4,002,131	(1,589,418)	(6,914,696)	(6,222,797)
Gross underwriting profit		21,854,896	22,395,512	56,542,420	38,321,717
General and administrative expenses relating to underwriting activities	15	(8,213,453)	(8,561,992)	(22,115,288)	(19,015,578)
Net underwriting profit		13,641,443	13,833,520	34,427,132	19,306,139
Investment income	16	(390,432)	2,126,475	1,253,441	3,585,319
Other income	16	840,140	1,133,720	2,828,213	3,622,357
Unallocated general and administrative expense:	15	(2,737,818)	(2,853,997)	(7,371,763)	(6,338,526)
Profit for the period		11,353,333	14,239,718	31,137,023	20,175,289
Earnings per share	21	0.10	0.13	0.28	0.18

The notes on pages 7 to 22 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 nine-month period ended 30 September 2015*

	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	For the three- month period ended	For the three- month period ended	For the nine- month period ended	For the nine- month period ended
	30 September 2015	30 September 2015	30 September 2015	30 September 2014
	AED	AED	AED	AED
Profit for the period	11,353,333	14,239,718 (Restated)	31,137,023	20,175,289 (Restated)
Other comprehensive income				
<i>Items that will be reclassified to profit or loss:</i>				
Net change in fair value of available-for-sale securities	(1,710,921)	-	(6,459,019)	6,075,386
Total other comprehensive (loss) / income for the period	(1,710,921)	-	(6,459,019)	6,075,386
Total comprehensive income for the period	9,642,412	14,239,718	24,678,004	26,250,675

The notes on pages 7 to 22 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 nine-month period ended 30 September 2015

	Share capital AED	Statutory reserve AED	Special reserve AED	Cumulative changes in fair value of AFS securities AED	Retained earnings AED	Total AED
Balance at 1 January 2014, 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)
Balance as at 1 January 2014 (restated)	100,000,000	36,073,578	20,000,000	11,699,497	43,397,784	211,170,859
Total comprehensive income for the period						
Profit for the period (restated)	-	-	-	-	20,175,289	20,175,289
Other comprehensive income for the period						
Net change in fair value of available-for-sale investments	-	-	-	6,075,386	-	6,075,386
Total other comprehensive income for the period	-	-	-	6,075,386	-	6,075,386
Total comprehensive income for the period (restated)	-	-	-	6,075,386	20,175,289	26,250,675
Transactions with owners of the Company, recognised directly in equity						
Dividend (refer note 14)	10,000,000	-	-	-	(20,000,000)	(10,000,000)
Directors' remuneration	-	-	-	-	(1,300,000)	(1,300,000)
As at 30 September 2014 (restated)	110,000,000	36,073,578	20,000,000	17,774,883	42,273,073	226,121,534
Balance at 1 January 2015	110,000,000	39,861,103	20,000,000	19,604,042	36,549,157	226,014,302
Total comprehensive income for the period						
Profit for the period	-	-	-	-	31,137,023	31,137,023
Other comprehensive income for the period						
Net change in fair value of available-for-sale investments	-	-	-	(6,459,019)	-	(6,459,019)
Total other comprehensive income for the period	-	-	-	(6,459,019)	-	(6,459,019)
Total comprehensive income for the period	-	-	-	(6,459,019)	31,137,023	24,678,004
Transactions with owners of the Company, recognised directly in equity						
Dividend (refer note 19)	-	-	-	-	(11,000,000)	(11,000,000)
As at 30 September 2015	110,000,000	39,861,103	20,000,000	13,145,023	56,686,180	239,692,306

The notes on pages 7 to 22 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 nine-month period ended 30 September 2015

	(Un-audited) For the nine-month period ended 30 September 2015 AED	(Un-audited) For the nine- month period ended 30 September 2014 AED (Restated)
Cash flows from operating activities		
Profit for the period	31,137,023	20,175,289
<i>Adjustment for:</i>		
Depreciation of property and equipment	877,342	662,241
Depreciation of investment property	151,541	186,418
Provision for employees' end of service benefits	851,897	847,971
Unrealised loss / (gain) on financial assets at FVTPL	177,654	(1,278,563)
Income from investment property	(91,383)	(181,303)
Interest income	(2,554,461)	(3,239,732)
Directors' remuneration expenses	1,300,000	-
Dividend income	(1,339,712)	(2,125,453)
Gain on disposal of property and equipment	(75,077)	(14,500)
	30,434,824	15,032,368
Change in re-insurance contract assets	(25,495,434)	(17,351,818)
Change in insurance contract liabilities	46,579,098	29,904,625
Change in insurance and other receivables	(37,978,829)	(42,470,038)
Change in insurance and other payables	37,929,515	(8,713,666)
Employees' end of service benefits paid	(982,522)	(390,283)
Net cash generated from / (used in) operating activities	50,486,652	(23,988,812)
Cash flows from investing activities		
Purchase of property and equipment	(1,179,398)	(926,586)
Proceeds from disposal of property and equipment	156,750	15,077
Income from investment property	91,382	181,303
Interest received	3,928,483	3,547,303
Dividend received	1,339,712	2,125,453
Change in fixed deposit with banks with maturity greater than three months	31,821,307	(40,906,310)
Net cash generated from / (used in) investing activities	36,158,236	(35,963,760)
Cash flows from financing activities		
Dividend paid	(10,642,898)	(9,447,216)
Directors' remuneration paid	(1,300,000)	(1,300,000)
Net cash used in financing activities	(11,942,898)	(10,747,216)
Net increase / (decrease) in cash and cash equivalents	74,701,990	(70,699,788)
Cash and cash equivalents at the beginning of the period	83,342,712	141,847,492
Cash and cash equivalents at the end of the period	158,044,702	71,147,704

Notes

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The notes on pages 7 to 22 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 nine-month period ended 30 September 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.

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 12 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.

Insurance and other receivables

Insurance and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less impairment losses. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and the default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future statement of cash flows, discounted at the effective interest rate.

The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss within general and administration expenses. When a receivable is uncollectible, it is written off against the allowance account for that receivable. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the statement of profit or loss and other comprehensive income

Insurance and reinsurance contracts held

The company issues contracts that transfer insurance risks in the general insurance category. The general insurance category comprises Marine and Aviation, Life and Medical, Motor, Engineering, Fire, Federal Accident & Others.

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received in respect of in-force contracts that relates to unexpired risks at the statement of financial position date is reported as unearned premium liability. Premiums are shown before deduction of commission.

Claim and loss adjustment expenses are charged to the statement of profit or loss as incurred, based on the estimated liability for compensation owed to insurance contract holders. Such expenses include direct and indirect claims settlement costs and arise from events that have occurred up to the statement of financial position date even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the company and the company's statistical analysis for the claims Incurred But Not Reported ("IBNR").

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

Notes (*continued*)

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

c) Significant accounting policies (*continued*)

Insurance and reinsurance contracts held (continued)

Contracts entered into by the company with other reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within insurance and other receivable), as well as the reinsurance portion of gross claims outstanding including IBNR that are dependent on the expected claims and benefits arising under the related reinsured contracts. Amounts recoverable from or due to the reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense proportionally over the period of coverage.

The company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of profit or loss. Objective evidence that a reinsurance asset is impaired includes observable data that comes to the attention of the Company about events such as significant financial difficulty of the debtor, breach of contract and it becomes probable that the debtor will enter bankruptcy or other financial reorganisation.

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

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 30 September 2015 (Un-audited)

<u>Financial assets</u>	FVTPL AED	AFS AED	Amortised cost AED	Total AED
Investment securities	4,303,170	40,313,627	3,707,200	48,323,997
Insurance and other receivables	-	-	222,334,871	222,334,871
Re-insurance share of outstanding claims	-	-	55,391,604	55,391,604
Statutory deposit	-	-	10,000,000	10,000,000
Cash and bank balances	-	-	218,684,598	218,684,598
	<u>4,303,170</u>	<u>40,313,627</u>	<u>510,118,273</u>	<u>554,735,070</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	102,865,680	102,865,680
Outstanding claims	-	-	98,871,463	98,871,463
	<u>-</u>	<u>-</u>	<u>201,737,143</u>	<u>201,737,143</u>

At 31 December 2014 (Audited)

<u>Financial assets</u>	FVTPL AED	AFS AED	Amortised cost AED	Total AED
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
	<u>4,480,824</u>	<u>46,772,646</u>	<u>429,441,837</u>	<u>480,695,307</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	64,579,063	64,579,063
Outstanding claims	-	-	85,828,598	85,828,598
	<u>-</u>	<u>-</u>	<u>150,407,661</u>	<u>150,407,661</u>

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

Notes (continued)

6 Property and equipment

	Furniture and fixtures AED	Office equipment AED	Motor vehicles AED	Computer equipment AED	Total AED
<i>Cost</i>					
At 1 January 2014	2,563,407	457,995	939,499	1,897,044	5,857,945
Additions	692,460	187,878	95,150	266,952	1,242,440
Disposals	(9,013)	-	(49,000)	-	(58,013)
At 31 December 2014	3,246,854	645,873	985,649	2,163,996	7,042,372
At 1 January 2015	3,246,854	645,873	985,649	2,163,996	7,042,372
Additions	392,672	107,187	461,815	217,724	1,179,398
Disposals / write off	(82,381)	-	(542,000)	-	(624,381)
At 30 September 2015 (Un-audited)	3,557,145	753,060	905,464	2,381,720	7,597,389
<i>Depreciation</i>					
At 1 January 2014	1,450,543	210,209	619,501	1,159,636	3,439,889
Charge for the year	444,258	98,897	115,390	262,695	921,240
On disposals	(8,437)	-	(49,000)	-	(57,437)
At 31 December 2014	1,886,364	309,106	685,891	1,422,331	4,303,692
At 1 January 2015	1,886,364	309,106	685,891	1,422,331	4,303,692
Charge for the period	423,828	102,497	117,691	233,326	877,342
On disposals	(82,381)	-	(460,327)	-	(542,708)
At 30 September 2015 (Un-audited)	2,227,811	411,603	343,255	1,655,657	4,638,326
<i>Carrying amounts</i>					
At 31 December 2014	1,360,490	336,767	299,758	741,665	2,738,680
At 30 September 2015 (Un-audited)	1,329,334	341,457	562,209	726,063	2,959,063

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

Notes (continued)

7. Investment properties

	Land AED	Buildings AED	Total AED
<i>Cost</i>			
At 1 January 2014	3,500,000	6,700,230	10,200,230
Deletions		(1,367,666)	(1,367,666)
At 31 December 2014	3,500,000	5,332,564	8,832,564
At 1 January 2015	3,500,000	5,332,564	8,832,564
At 30 September 2015 (Un-audited)	3,500,000	5,332,564	8,832,564
<i>Accumulated depreciation</i>			
At 1 January 2014	-	2,624,037	2,624,037
Charge for the year	-	249,472	249,472
Deletions		(72,892)	(72,892)
At 31 December 2014	-	2,800,617	2,800,617
At 1 January 2015	-	2,800,617	2,800,617
Charge for the year	-	151,541	151,541
At 30 September 2015 (Un-audited)	-	2,952,158	2,952,158
<i>Carrying amounts</i>			
At 31 December 2014	3,500,000	2,531,947	6,031,947
At 30 September 2015 (Un-audited)	3,500,000	2,380,406	5,880,406

The investment properties are located in United Arab Emirates.

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

Notes (continued)

8 Investment securities	(Un-audited)	(Audited)
	30 September 2015	31 December 2014
	AED	AED
Financial assets at fair value through profit or loss - within UAE	4,303,170	4,480,824
Available-for-sale securities - within UAE	40,313,627	46,772,646
Financial assets held-to-maturity - within UAE	3,707,200	3,707,200
	<u>48,323,997</u>	<u>54,960,670</u>

8.1 Fair value hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial assets	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
At 30 September 2015 (Un-audited)				
FVTPL	4,303,170	-	-	4,303,170
AFS	40,313,627	-	-	40,313,627
HTM	-	3,707,200	-	3,707,200
	<u>44,616,797</u>	<u>3,707,200</u>	<u>-</u>	<u>48,323,997</u>
At 31 December 2014 (Audited)				
FVTPL	4,480,824	-	-	4,480,824
AFS	46,772,646	-	-	46,772,646
HTM	-	3,707,200	-	3,707,200
	<u>51,253,470</u>	<u>3,707,200</u>	<u>-</u>	<u>54,960,670</u>

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

Notes (continued)

9 Insurance and other receivables	(Un-audited)	(Audited)
	30 September	31 December
	2015	2014
	AED	AED
<i>Insurance related</i>		
Premium receivable	170,643,672	148,522,005
Reinsurance companies	12,665,047	13,914,273
Insurance agents and brokers	4,481,241	3,491,600
Due from related parties (refer note 19)	20,364,743	31,249,175
<i>Non Insurance related</i>		
Accrual of interest and other income	1,743,245	1,832,966
Advances and prepayments	2,201,446	2,132,615
Other receivables	29,100,477	3,452,429
	241,199,871	204,595,063
Less: provision for doubtful receivables (refer note 9.1)	(18,865,000)	(18,865,000)
	222,334,871	185,730,063
9.1 Provision for doubtful receivables	(Un-audited)	(Audited)
	30 September	31 December
	2015	2014
	AED	AED
At 1 January	18,865,000	7,165,000
Charge for the period / year	-	11,700,000
	18,865,000	18,865,000
10 Cash and bank balances	(Un-audited)	(Audited)
	30 September	31 December
	2015	2014
	AED	AED
Cash in hand - within UAE	138,910	119,661
Cash at bank - within UAE	64,296,117	23,792,313
Fixed deposits - within UAE	154,249,571	151,891,941
	218,684,598	175,803,915
Less: deposits with maturities of greater than three months	(60,339,896)	(92,161,203)
Less: fixed deposits under lien	(300,000)	(300,000)
Cash and cash equivalents	158,044,702	83,342,712

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

Notes (continued)

11 Insurance contract liabilities and reinsurance contract assets	(Un-audited)	(Audited)
	30 September	31 December
	2015	2014
	AED	AED
		(Restated)
Insurance contract liabilities		
Claims reported unsettled	98,871,463	85,828,598
Claims incurred but not reported	4,943,573	4,291,430
Unearned premiums	168,459,817	139,305,584
Deferred Acquisition cost	3,729,857	-
Insurance contract liabilities	276,004,710	229,425,612
Insurance contract assets		
Claims reported unsettled	(55,391,604)	(54,200,659)
Claims incurred but not reported	(2,769,580)	(2,710,033)
Deferred reinsurance premiums	(43,593,463)	(31,840,816)
Deferred reinsurance commission	(12,492,295)	-
Total insurers' share of reinsurance contracts	(114,246,942)	(88,751,508)
Net		
Claims reported unsettled	43,479,859	31,627,939
Claims incurred but not reported	2,173,993	1,581,397
Unearned premiums	124,866,354	107,464,768
Deferred Commission	(8,762,438)	-
	161,757,768	140,674,104

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

Notes (continued)

11.1 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 30 September 2015 (Un-audited)			Period ended 30 September 2014 (Un-audited) (Restated)		
	Gross AED	Reinsurance AED	Net AED	Gross AED	Reinsurance AED	Net AED
Claims						
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
Total at the beginning of the period	90,120,028	(56,910,692)	33,209,336	98,859,553	(54,169,673)	44,689,880
Claims settled in the period	(137,890,106)	26,370,349	(111,519,757)	(107,956,259)	25,540,153	(82,416,106)
Increase in liabilities	151,585,114	(27,620,841)	123,964,273	114,102,272	(37,923,464)	76,178,808
Total at the end of the period	103,815,036	(58,161,184)	45,653,852	105,005,566	(66,552,984)	38,452,582
Notified claims	98,871,463	(55,391,604)	43,479,859	100,005,301	(63,383,795)	36,621,506
Incurred but not reported	4,943,573	(2,769,580)	2,173,993	5,000,265	(3,169,189)	1,831,076
Total at the end of the period	103,815,036	(58,161,184)	45,653,852	105,005,566	(66,552,984)	38,452,582
Unearned premium						
Total at the beginning of the period	139,305,584	(31,840,816)	107,464,768	94,348,309	(26,306,552)	68,041,757
Increase during the period	168,459,817	(43,593,463)	124,866,354	118,106,920	(31,275,058)	86,831,862
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	29,154,233	(11,752,647)	17,401,586	23,758,611	(4,968,506)	18,790,105
Total at the end of the period	168,459,817	(43,593,463)	124,866,354	118,106,920	(31,275,058)	86,831,862

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

Notes (continued)

12 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:

- a) 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;
- b) 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
- c) 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
Investment in an associate	27,848,646	(27,848,646)	-
Investment securities	26,690,310	20,000,000	46,690,310
Reinsurance contract assets	91,034,014	(10,557,789)	80,476,225
Insurance contract liabilities	199,569,300	(6,361,438)	193,207,862
Retained earnings	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
Reinsurance contract assets	91,067,786	(2,316,278)	88,751,508
Insurance contract liabilities	207,909,187	21,516,425	229,425,612
Profit for the year	37,875,249	(23,832,703)	14,042,546
Earnings per share	0.34	(0.21)	0.13

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

Notes (continued)

12 Effects of change in accounting policy and reclassification (continued)

Financial impact of change in accounting policy and reclassification as at 30 September 2014

	As previously reported AED	Adjustments AED	Restated/reclassified amount AED
Reinsurance contract assets	96,746,730	1,081,312	97,828,042
Insurance contract liabilities	204,425,457	18,687,029	223,112,486
Profit for the period	33,584,655	(13,409,366)	20,175,289
Earnings per share	0.31	(0.12)	0.18
13 Insurance and other payables		(Un-audited) 30 September 2015 AED	(Audited) 31 December 2014 AED
<i>Insurance related</i>			
Creditors		8,460,553	5,729,920
Reinsurance companies		61,967,364	30,690,434
Due to related parties (refer note 17)		903,337	389,060
Commission payable		14,102,823	11,388,411
<i>Non Insurance related</i>			
Accrued expenses		10,254,422	7,785,950
Employees' benefits		1,780,113	3,055,775
Other payable balances		5,397,068	5,539,513
		102,865,680	64,579,063
14 Provision for employees' end of service benefits		(Un-audited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Movements in the net liability were as follows:			
Balance at the beginning of the period / year		3,997,806	3,438,451
Amounts charged during the period / year		851,897	1,085,891
Amounts paid during the period / year		(982,522)	(526,536)
Balance at the end of the period / year		3,867,181	3,997,806

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Notes (continued)

15 General and administrative expenses	(Un-audited) For the three- month period ended 30 September 2015 AED	(Un-audited) For the three- month period ended 30 September 2014 AED	(Un-audited) For the nine- month period ended 30 September 2015 AED	(Un-audited) For the nine- month period ended 30 September 2014 AED
Other operational costs related to underwriting operations	8,213,453	8,561,992	22,115,288	19,015,578
Unallocated general and administrative expenses	<u>2,737,818</u>	<u>2,853,997</u>	<u>7,371,763</u>	<u>6,338,526</u>
Total	<u>10,951,271</u>	<u>11,415,989</u>	<u>29,487,051</u>	<u>25,354,104</u>

The above general and administration expenses include the following costs:

	(Un-audited) For the three- month period ended 30 September 2015 AED	(Un-audited) For the three- month period ended 30 September 2014 AED	(Un-audited) For the nine- month period ended 30 September 2015 AED	(Un-audited) For the nine- month period ended 30 September 2014 AED
Staff costs	6,657,356	7,353,596	19,946,707	16,235,721
Rent	263,264	284,844	785,082	947,181
Depreciation	381,108	305,596	1,028,883	831,851
Others	<u>3,649,543</u>	<u>3,471,953</u>	<u>7,726,379</u>	<u>7,339,351</u>
Total	<u>10,951,271</u>	<u>11,415,989</u>	<u>29,487,051</u>	<u>25,354,104</u>

16 Net income from investments	(Un-audited) For the three- month period ended 30 September 2015 AED	(Un-audited) For the three- month period ended 30 September 2014 AED	(Un-audited) For the nine- month period ended 30 September 2015 AED	(Un-audited) For the nine- month period ended 30 September 2014 AED
<i>Income from investment securities</i>				
Dividend income	-	1,400,000	1,339,712	2,125,453
Unrealised gains / (losses) on investments fair value through profit or loss	<u>(407,236)</u>	<u>620,989</u>	<u>(177,654)</u>	<u>1,278,563</u>
<i>Income from investment properties</i>				
Net rental income from investment properties	16,803	105,486	91,382	181,303
<i>Other income</i>				
Interest on fixed deposits	722,806	1,049,982	2,554,461	3,239,732
Miscellaneous income	117,334	83,738	273,753	382,625
	<u>449,707</u>	<u>3,260,195</u>	<u>4,081,654</u>	<u>7,207,676</u>

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

Notes (continued)

17 Related party transactions

In May 2015, The National Bank of Ras Al Khaimah ("RAKBANK") acquired 79.23% of the company's shareholding from the Government of Ras Al Khaimah and other shareholders. 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:

	(Un-audited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Due from policyholders	20,364,743	31,249,175
Due to policyholders	(903,337)	(389,060)

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 nine- month period ended 30 September 2015 AED	(Un-audited) For the nine- month period ended 30 September 2014 AED
Gross premiums	31,218,871	30,523,614
Claims paid	3,179,314	3,518,616

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

Compensation of key management personnel

Short-term benefits	1,334,700	1,334,700
Long-term benefits	73,299	83,367

18 Contingent liabilities

	(Un-audited) 30 September 2015 10,300,000	(Audited) 31 December 2014 <u>10,300,000</u>
Letters of guarantee*	10,300,000	<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)

19 Dividends

The Board of Directors proposed cash dividend of 20% amounting to AED 20,000,000 (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% each. Further, the shareholders also approved Director's remuneration of AED 1,300,000 (2014: AED 1,300,000).

20 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 nine-month period ended 30 September 2015			For the nine-month period ended 30 September 2014		
	Underwriting	Investment and Treasury	Total	Underwriting	Investment and Treasury	Total
(Un-audited)	AED	AED	AED	AED	AED	AED
Segment revenue	287,257,734	-	287,257,734	204,551,468	-	204,551,468
Segment result	34,427,132	4,081,654	38,508,786	19,306,139	7,207,676	26,513,815
Unallocated costs - net	-	-	(7,371,763)	-	-	(6,338,526)
Net profit for the period			31,137,023			20,175,289
	30 September 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	337,202,918	208,153,974	545,356,892	275,102,676	212,584,558	487,687,234
Unallocated assets	-	-	77,072,985	-	-	36,329,549
Total assets			622,429,877			524,016,783
Segment liabilities	378,870,390	-	378,870,390	294,004,675	-	294,004,675
Unallocated liabilities	-	-	3,867,181	-	-	3,997,806
Total liabilities			382,737,571			298,002,481

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

	Nine-months ended	
	30 September 2015	30 September 2014
	AED	AED
Motor	37,284,030	29,694,558
Marine and aviation	5,856,867	10,823,145
Group life and medical insurance	168,809,528	101,751,484
Engineering, fire, general accidents and others	75,307,309	62,282,281
	287,257,734	204,551,468

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

Notes (continued)

21 Earnings per share	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	For the three-month period ended	For the three-month period ended	For the nine-month period ended	For the nine-month period ended
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	AED	AED	AED	AED
Profit for the period	11,353,333	14,239,718	31,137,023	20,175,289
Weighted ordinary shares of AED 1 each outstanding during the period (restated)	110,000,000	110,000,000	110,000,000	110,000,000
Basic earnings per share	0.10	0.13	0.28	0.18

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 12.

22 Comparative figures

Certain comparative figures have been reclassified and restated (refer notes 12 and 21) where appropriate to conform with the presentation and accounting policies adopted in these condensed interim financial information.