

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

**Condensed interim financial information**  
*for the nine-month period ended 30 September 2014*

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

Condensed interim financial information  
*for the nine-month period ended 30 September 2014*

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

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

### *Introduction*

We have reviewed the accompanying 30 September 2014 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 30 September 2014;
- the condensed interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2014;
- the condensed interim statement of comprehensive income for the three-month and nine-month periods ended 30 September 2014;
- the condensed interim statement of changes in equity for the nine-month period ended 30 September 2014;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2014; 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 30 September 2014 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: 10 NOV 2014

**Ras Al Khaimah National Insurance Company P.S.C**  
 Condensed interim statement of financial position  
 as at 30 September 2014

		(Un-audited) 30 September 2014	(Audited) 31 December 2013
	Notes	AED	AED (Restated)
<b>ASSETS</b>			
Property and equipment		2,681,824	2,418,056
Investment properties		7,389,775	7,576,193
Investments	6	60,007,901	46,690,310
Statutory deposit		10,000,000	10,000,000
Insurance contract assets	8	96,746,730	91,034,014
Insurance and other receivables	10	162,665,597	120,503,130
Cash and bank balances	9	171,747,292	201,540,770
<b>Total assets</b>		<b>511,239,119</b>	<b>479,762,473</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	14	110,000,000	100,000,000
Statutory reserve		36,073,578	36,073,578
Special reserve		20,000,000	20,000,000
Cumulative changes in fair value of available-for-sale securities		23,738,526	11,699,497
Retained earnings		59,878,791	47,594,136
<b>Total equity</b>		<b>249,690,895</b>	<b>215,367,211</b>
Provision for employee's end of service benefits		3,896,139	3,438,451
Insurance contract liabilities	8	204,425,457	199,569,300
Insurance and other payables		53,226,628	61,387,511
<b>Total liabilities</b>		<b>261,548,224</b>	<b>264,395,262</b>
<b>Total equity and liabilities</b>		<b>511,239,119</b>	<b>479,762,473</b>

The notes on pages 7 to 15 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

10 NOV 2014

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 2014

		(Un-audited) For the three- month period ended 30 September 2014 AED	(Un-audited) For the three- month period ended 30 September 2013 AED <i>(Restated)</i>	(Un-audited) For the nine- month period ended 30 September 2014 AED	(Un-audited) For the nine- month period ended 30 September 2013 AED <i>(Restated)</i>
Gross insurance premium		51,459,491	42,655,212	204,551,468	205,351,158
Less: insurance premium ceded to reinsurers		<u>(14,181,780)</u>	(11,133,695)	<u>(65,038,041)</u>	(80,016,766)
Net retained premium		37,277,711	31,521,517	139,513,427	125,334,392
Net change in unearned premium reserve	8	<u>(3,223,771)</u>	2,030,165	<u>(5,380,739)</u>	(5,297,682)
<b>Net insurance premium</b>		<u>34,053,940</u>	33,551,682	<u>134,132,688</u>	120,036,710
Gross claims incurred	8	<u>(22,161,482)</u>	(27,983,639)	<u>(114,102,272)</u>	(87,591,079)
Insurance claims recovered from reinsurers	8	<u>1,318,628</u>	6,404,733	<u>37,923,464</u>	19,976,389
<b>Net claims incurred</b>		<u>(20,842,854)</u>	(21,578,906)	<u>(76,178,808)</u>	(67,614,690)
Gross commission earned		1,661,827	1,405,429	6,517,117	6,999,798
Less: commission incurred		<u>(3,251,245)</u>	(2,769,735)	<u>(12,739,914)</u>	(13,391,663)
<b>Net commission incurred</b>		<u>(1,589,418)</u>	(1,364,306)	<u>(6,222,797)</u>	(6,391,865)
<b>Gross underwriting profit</b>		<u>11,621,668</u>	10,608,470	<u>51,731,083</u>	46,030,155
General and administrative expenses relating to underwriting activities		<u>(8,561,992)</u>	(5,211,984)	<u>(19,015,578)</u>	(15,325,191)
<b>Net underwriting profit</b>		<u>3,059,676</u>	5,396,486	<u>32,715,505</u>	30,704,964
Investment income		2,020,989	350,978	3,404,016	1,645,226
Other income		1,239,206	1,294,185	3,803,660	3,992,712
Unallocated general and administrative expenses		<u>(2,853,998)</u>	(1,737,329)	<u>(6,338,526)</u>	(5,108,397)
<b>Profit for the period</b>		<u>3,465,873</u>	5,304,320	<u>33,584,655</u>	31,234,505
Earnings per share (restated)	16	<u>0.03</u>	0.05	<u>0.31</u>	<u>0.28</u>

The notes on pages 7 to 15 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 2014

	(Un-audited) For the three- month period ended 30 September 2014 AED	(Un-audited) For the three- month period ended 30 September 2013 AED <i>(Restated)</i>	(Un-audited) For the nine- month period ended 30 September 2014 AED	(Un-audited) For the nine- month period ended 30 September 2013 AED <i>(Restated)</i>
<b>Profit for the period</b>	<b>3,465,873</b>	5,304,320	<b>33,584,655</b>	31,234,505
<b>Other comprehensive income</b>				
<i>Items that will be reclassified to profit or loss:</i>				
Net change in fair value of investments	<b>8,133,689</b>	3,058,830	<b>12,039,029</b>	6,995,119
<b>Total other comprehensive income for the period</b>	<b>8,133,689</b>	3,058,830	<b>12,039,029</b>	6,995,119
<b>Total comprehensive income for the period</b>	<b>11,599,562</b>	8,363,150	<b>45,623,684</b>	38,229,624

The notes on pages 7 to 15 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 2014

	Share capital AED	Statutory reserve AED	Special reserve AED	Cumulative changes in fair value of AFS securities AED	Retained earnings AED	Total AED
<b>Balance at 1 January 2013</b>	100,000,000	32,619,210	20,000,000	4,514,836	34,726,361	191,860,407
Effect of reclassification of associate to available-for-sale investment	-	-	-	(3,134,098)	(232,608)	(3,366,706)
<b>Restated balance at 1 January 2013 (note 6.1)</b>	100,000,000	32,619,210	20,000,000	1,380,738	34,493,753	188,493,701
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	31,234,505	31,234,505
<b>Other comprehensive income for the period</b>						
Net change in fair value of available-for-sale investments	-	-	-	6,995,119	-	6,995,119
<b>Total other comprehensive income for the period</b>	-	-	-	6,995,119	-	6,995,119
<b>Total comprehensive income for the period</b>	-	-	-	6,995,119	31,234,505	38,229,624
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Dividend (refer note 14)	-	-	-	-	(15,000,000)	(15,000,000)
Directors' remuneration	-	-	-	-	(1,140,000)	(1,140,000)
<b>As at 30 September 2013 (Restated)</b>	<b>100,000,000</b>	<b>32,619,210</b>	<b>20,000,000</b>	<b>8,375,857</b>	<b>49,588,258</b>	<b>210,583,325</b>
<b>Balance at 1 January 2014</b>	100,000,000	36,073,578	20,000,000	17,626,610	49,515,669	223,215,857
Effect of reclassification of associate to available-for-sale investment	-	-	-	(5,927,113)	(1,921,533)	(7,848,646)
<b>Restated balance at 1 January 2014 (note 6.1)</b>	100,000,000	36,073,578	20,000,000	11,699,497	47,594,136	215,367,211
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	33,584,655	33,584,655
<b>Other comprehensive income for the period</b>						
Net change in fair value of available-for-sale investments	-	-	-	12,039,029	-	12,039,029
<b>Total other comprehensive income for the period</b>	-	-	-	12,039,029	-	12,039,029
<b>Total comprehensive income for the period</b>	-	-	-	12,039,029	33,584,655	45,623,684
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Dividend (refer note 14)	-	-	-	-	(10,000,000)	(10,000,000)
Bonus shares issued (refer note 14)	10,000,000	-	-	-	(10,000,000)	-
Directors' remuneration	-	-	-	-	(1,300,000)	(1,300,000)
<b>As at 30 September 2014</b>	<b>110,000,000</b>	<b>36,073,578</b>	<b>20,000,000</b>	<b>23,738,526</b>	<b>59,878,791</b>	<b>249,690,895</b>

The notes on pages 7 to 15 form an integral part of these condensed interim financial information.

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

## Condensed interim statement of cash flows

for the nine-month period ended 30 September 2014

	(Un-audited) For the nine-month period ended 30 September 2014 AED	(Un-audited) For the nine-month period ended 30 September 2013 AED
<b>Cash flows from operating activities</b>		<i>Restated</i>
Profit for the period	33,584,655	31,234,505
<i>Adjustment for:</i>		
Share of loss / (profit) of an associate	-	(2,285,730)
Depreciation of property and equipment	662,241	414,495
Depreciation of investment property	186,418	159,751
Provision of employees' end of service benefits	847,971	697,101
Unrealised gain on financial assets at FVTPL	(1,278,563)	(867,596)
Impairment losses on available-for-sale investments	-	55,200
Income from investment property	(181,303)	(287,375)
Interest income	(3,239,732)	(3,205,144)
Dividend income	(2,125,453)	(625,630)
Gain on disposal of property and equipment	(14,500)	(34,015)
Unrealised gain on financial assets at HTM	-	(207,200)
	<u>28,441,734</u>	<u>25,048,362</u>
Change in re-insurance contract assets	(5,712,716)	5,061,295
Change in insurance contract liabilities	4,856,157	10,212,887
Change in insurance and other receivables	(42,470,038)	(33,720,511)
Change in insurance and other payables	(8,713,666)	19,922,268
Employees' end of service benefits paid	(390,283)	(1,783,954)
<b>Net cash (used in) / generated from operating activities</b>	<u>(23,988,812)</u>	<u>24,740,347</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(926,586)	(1,830,280)
Purchase of investment property	-	(1,367,666)
Proceeds from disposal of property and equipment	15,077	227,950
Income from investment property	181,303	287,375
Interest received	3,547,303	2,474,888
Dividend received	2,125,453	625,630
(Increase) / decrease in fixed deposit with banks with maturity greater than three months	(40,906,310)	2,627,142
<b>Net cash (used in) / generated from investing activities</b>	<u>(35,963,760)</u>	<u>3,045,039</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(9,447,216)	(15,546,518)
Directors' remuneration paid	(1,300,000)	(1,140,000)
<b>Net cash used in financing activities</b>	<u>(10,747,216)</u>	<u>(16,686,518)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(70,699,788)</u>	<u>11,098,868</u>
Cash and cash equivalents at the beginning of the period	<u>141,847,492</u>	<u>107,773,177</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>71,147,704</u></u>	<u><u>118,872,045</u></u>

The notes on pages 7 to 15 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 2014*

### **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 2013, 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 2013.

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.

#### **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.

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

## Notes (continued)

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

#### 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 2013.

### 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 2013.

### 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.

### 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 2014 (Un-audited)

<u>Financial assets</u>	<u>FVTPL</u> <u>AED</u>	<u>AFS</u> <u>AED</u>	<u>Amortised cost</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Investment securities	5,393,572	50,907,129	3,707,200	60,007,901
Insurance and other receivables	-	-	162,665,597	162,665,597
Re-insurance share of outstanding claims	-	-	63,383,795	63,383,795
Statutory deposit	-	-	10,000,000	10,000,000
Cash and bank balances	-	-	171,747,292	171,747,292
	<u>5,393,572</u>	<u>50,907,129</u>	<u>411,503,884</u>	<u>467,804,585</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	53,226,628	53,226,628
Outstanding claims	-	-	100,005,301	100,005,301
	<u>-</u>	<u>-</u>	<u>153,231,929</u>	<u>153,231,929</u>

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

## Notes (continued)

### 5. Classes and categories of financial assets and financial liabilities (continued)

At 31 December 2013 (Audited)

<u>Financial assets</u>	FVTPL AED	AFS AED	Amortised cost AED	Total AED
		<i>Restated</i>		<i>Restated</i>
Investment securities	4,115,009	38,868,101	3,707,200	46,690,310
Insurance and other receivables	-	-	120,503,130	120,503,130
Re-insurance share of outstanding claims	-	-	51,590,165	51,590,165
Statutory deposit	-	-	10,000,000	10,000,000
Cash and bank balances	-	-	201,540,770	201,540,770
	<u>4,115,009</u>	<u>38,868,101</u>	<u>387,341,265</u>	<u>430,324,375</u>
<u>Financial liabilities</u>				
Insurance and other payables	-	-	61,387,511	61,387,511
Outstanding claims	-	-	92,142,322	92,142,322
	<u>-</u>	<u>-</u>	<u>153,529,833</u>	<u>153,529,833</u>

### 6. Investments

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Financial assets at AFS - quoted - within UAE (refer note 6.1)	<b>50,907,129</b>	38,868,101
Financial assets at FVTPL - quoted - within UAE	<b>5,393,572</b>	4,115,009
Financial assets at HTM - quoted - within UAE	<b>3,707,200</b>	3,707,200
	<u><b>60,007,901</b></u>	<u>46,690,310</u>

**6.1** During the year, the 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 some practical reasons, and the Company's ability to exercise significant influence is restrained. Accordingly this investment has been reclassified to "available for sale" from "investment in an associate".

Accordingly, following adjustments have been done:

- Recorded amounts of the Company's share of profit and reserves in the equity accounted investee have been reversed by removing these from the opening balance of retained earnings and reserves on 1 January 2013.
- Fair value of the investment is recognized. However, due to non availability of reliable fair value information relating to prior periods, cost of investment is assumed to approximate the fair value.
- Fair value changes for the current and comparative period are recorded in statement of comprehensive income.

The financial impact of reclassification are as follows:

#### Impact on condensed interim statement of financial position

1 January 2013	As previously reported AED	Adjustments AED	As reclassified AED
<b>Investment in an associate</b>	23,366,706	(23,366,706)	-
<b>Investment</b>	11,447,167	20,000,000	31,447,167
<b>Total assets</b>	<u>34,813,873</u>	<u>(3,366,706)</u>	<u>31,447,167</u>
<b>Total liabilities</b>	<u>244,872,146</u>	<u>-</u>	<u>244,872,146</u>
<b>Total equity</b>	<u>191,860,407</u>	<u>(3,366,706)</u>	<u>188,493,701</u>

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

Notes (continued)

## 6.1 Impact on condensed interim statement of financial position (continued)

1 January 2014	As previously reported AED	Adjustments AED	As reclassified AED
<b>Investment in an associate</b>	27,848,646	(27,848,646)	-
<b>Investment</b>	26,690,310	20,000,000	46,690,310
<b>Total assets</b>	<u>54,538,956</u>	<u>(7,848,646)</u>	<u>46,690,310</u>
<b>Total liabilities</b>	<u>264,395,262</u>	<u>-</u>	<u>264,395,262</u>
<b>Total equity</b>	<u>223,215,857</u>	<u>(7,848,646)</u>	<u>215,367,211</u>

## 7. 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
<b>At 30 September 2014 (Un-audited)</b>				
FVTPL	5,393,572	-	-	5,393,572
AFS	25,907,129	-	25,000,000	50,907,129
HTM	-	3,707,200	-	3,707,200
	<u>31,300,701</u>	<u>3,707,200</u>	<u>25,000,000</u>	<u>60,007,901</u>
<b>At 31 December 2013 (Audited)</b> (Restated)				
FVTPL	4,115,009	-	-	4,115,009
AFS	18,868,101	-	20,000,000	38,868,101
HTM	-	3,707,200	-	3,707,200
	<u>22,983,110</u>	<u>3,707,200</u>	<u>20,000,000</u>	<u>46,690,310</u>

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

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
<b>Insurance contract liabilities</b>		
Claims reported unsettled	100,005,301	92,142,322
Claims incurred but not reported	5,000,265	6,717,231
Unearned premiums	99,419,891	100,709,747
<b>Insurance contract liabilities</b>	<u>204,425,457</u>	<u>199,569,300</u>
<b>Insurance contract assets</b>		
Claims reported unsettled	(63,383,795)	(51,590,165)
Claims incurred but not reported	(3,169,189)	(2,579,508)
Deferred reinsurance premiums	(30,193,746)	(36,864,341)
<b>Total insurers' share of insurance contracts</b>	<u>(96,746,730)</u>	<u>(91,034,014)</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 30 September 2014			Period ended 30 September 2013		
	Gross AED	Reinsurance AED	Net AED	Gross AED	Reinsurance AED	Net AED
<b>Claims</b>						
Notified claims	92,142,322	(51,590,165)	40,552,157	104,134,522	(59,606,137)	44,528,385
Incurred but not reported	6,717,231	(2,579,508)	4,137,723	5,206,727	(2,952,807)	2,253,920
<b>Total at the beginning of the period</b>	<b>98,859,553</b>	<b>(54,169,673)</b>	<b>44,689,880</b>	109,341,249	(62,558,944)	46,782,305
Claims settled in the period	(107,956,259)	25,540,153	(82,416,106)	(86,422,035)	28,783,845	(57,638,190)
Increase in liabilities	114,102,272	(37,923,464)	76,178,808	87,591,079	(19,976,389)	67,614,690
<b>Total at the end of the period</b>	<b>105,005,566</b>	<b>(66,552,984)</b>	<b>38,452,582</b>	110,510,293	(53,751,488)	56,758,805
Notified claims	100,005,301	(63,383,795)	36,621,506	106,927,015	(51,191,892)	55,735,123
Incurred but not reported	5,000,265	(3,169,189)	1,831,076	3,583,278	(2,559,596)	1,023,682
<b>Total at the end of the period</b>	<b>105,005,566</b>	<b>(66,552,984)</b>	<b>38,452,582</b>	110,510,293	(53,751,488)	56,758,805
<b>Unearned premium</b>						
<b>Total at the beginning of the period</b>	<b>100,709,747</b>	<b>(36,864,341)</b>	<b>63,845,406</b>	83,407,553	(34,023,380)	49,384,173
Increase during the period	99,419,891	(30,193,746)	69,226,145	92,451,396	(37,769,541)	54,681,855
Release during the period	(100,709,747)	36,864,341	(63,845,406)	(83,407,553)	34,023,380	(49,384,173)
Net increase during the period	(1,289,856)	6,670,595	5,380,739	9,043,843	(3,746,161)	5,297,682
<b>Total at the end of the period</b>	<b>99,419,891</b>	<b>(30,193,746)</b>	<b>69,226,145</b>	92,451,396	(37,769,541)	54,681,855

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

## Notes (continued)

### 9. Cash and bank balances

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Cash in hand	<u>132,375</u>	<u>85,210</u>
Bank balances:		
Current accounts	881,830	1,921,288
Call accounts	18,841,477	29,497,084
Fixed deposits	<u>151,891,610</u>	<u>170,037,188</u>
	<u>171,614,917</u>	<u>201,455,560</u>
	<u>171,747,292</u>	<u>201,540,770</u>

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

Fixed deposit of AED 300,000 (2013: 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 0.25% to 3% per annum (2013: 1.5% to 3% per annum).

### 10. Insurance and other receivables

Insurance and othe receivables includes account receivable from a client which was converted during the period into an unsecured loan of AED 18.9 million (2013: AED Nil). The loan carries an interest rate of 5.5% and is repayable in 37 equal installments commencing 20 April 2014.

### 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) 30 September 2014 AED	(Audited) 31 December 2013 AED
Cash and bank balances (refer note 9)	171,747,292	201,540,770
Bank fixed deposits with maturity greater than three months	(100,299,588)	(59,393,278)
Fixed deposits under lien	(300,000)	(300,000)
	<u>71,147,704</u>	<u>141,847,492</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) 30 September 2014 AED	(Audited) 31 December 2013 AED
Due from policyholders	28,175,777	26,877,414
Due to policyholders	184,554	480,664
Due to United Insurance Company P.S.C.	-	637,007

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 2014 AED	(Un-audited) For the nine- month period ended 30 September 2013 AED
Gross premiums	30,523,614	33,823,802
Claims paid	3,518,616	6,330,447

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

#### Compensation of key management personnel

Short-term benefits	1,334,700	940,268
Long-term benefits	83,367	57,329

### 13. Contingent liabilities

	(Un-audited) 30 September 2014	(Audited) 31 December 2013
Letters of guarantee*	<u>10,300,000</u>	<u>10,300,000</u>

\*Includes AED 10,000,000 (2013: 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 15% amounting to AED 15,000,000 (2013: 15% cash dividend amounting to AED 15,000,000). However, the shareholders during the Annual General Meeting held on 27 April 2014 approved cash dividend and bonus shares of 10% each. Further, the shareholders also approved Director's remuneration of AED 1,300,000 (2013: AED 1,140,000).

## 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 nine-month period ended 30 September 2014			For the nine-month period ended 30 September 2013		
	Underwriting	Investment and Treasury	Total	Underwriting	Investment and Treasury	Total
(Un-audited)	AED	AED	AED	AED	AED	AED
Segment revenue	204,551,468	-	204,551,468	205,351,158	-	205,351,158
Segment result	32,715,505	7,207,676	39,923,181	30,704,964	5,637,938	36,342,902
Unallocated costs - net	-	-	(6,338,526)	-	-	(5,108,397)
Net profit for the period			33,584,655			31,234,505

  

	30 September 2014			31 December 2013		
	Underwriting	Investment and Treasury	Total	Underwriting	Investment and Treasury	Total
(Un-audited)	AED	AED	AED	AED	AED	AED
Segment assets	251,446,465	218,989,286	470,435,751	207,233,271	231,852,337	439,085,608
Unallocated assets	-	-	40,803,368	-	-	48,525,511
Total assets			511,239,119			487,611,119
Segment liabilities	257,652,085	-	257,652,085	260,956,811	-	260,956,811
Unallocated liabilities	-	-	3,896,139	-	-	3,438,451
Total liabilities			261,548,224			264,395,262

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

	Three-month ended		Nine-month ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
(Un-audited)	AED	AED	AED	AED
Motor	10,281,686	7,455,011	29,694,558	26,131,139
Marine and aviation	734,277	1,999,363	10,823,145	20,392,023
Group life and medical insurance	29,369,842	24,405,125	101,751,484	94,636,416
Engineering, fire, general accidents and others	11,073,686	8,795,713	62,282,281	64,191,580
	51,459,491	42,655,212	204,551,468	205,351,158



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

Notes (continued)

### 16. Earnings per share

	<b>(Un-audited)</b> <b>For the nine-</b> <b>month period</b> <b>ended</b> <b>30 September 2014</b>	<b>(Un-audited)</b> <b>For the nine-</b> <b>month period</b> <b>ended</b> <b>30 September 2013</b>
	<b>AED</b>	<b>AED</b>
Profit for the period	<u><b>33,584,655</b></u>	<u>31,234,505</u>
Weighted ordinary shares of AED 1 each outstanding during the period (restated)	<b>110,000,000</b>	110,000,000
Basic earnings per share (restated)	<u><b>0.31</b></u>	<u>0.28</u>

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.

### 17. Comparative figures

Certain comparative figures have been reclassified where appropriate to conform with the presentation and accounting policies adopted in these condensed interim financial information.