

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

Condensed interim financial information  
*for the six-month period ended 30 June 2015*

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

Condensed interim financial information  
*for the six-month period ended 30 June 2015*

| <i>Contents</i>   | <i>Page</i> |
|---|-------------|
| Independent auditors' report on review of condensed interim financial information | 1           |
| Condensed interim statement of financial position                                 | 2           |
| Condensed interim statement of profit or loss                                     | 3           |
| Condensed interim statement of comprehensive income                               | 4           |
| Condensed interim statement of changes in shareholders' equity                    | 5           |
| Condensed interim statement of cash flows   | 6           |
| Notes to the condensed interim financial information                              | 7 - 22      |



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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 June 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 30 June 2015;
- the condensed interim statement of profit or loss for the three-month and six-month periods ended 30 June 2015;
- the condensed interim statement of comprehensive income for the three-month and six-month periods ended 30 June 2015;
- the condensed interim statement of changes in equity for the six-month period ended 30 June 2015;
- the condensed interim statement of cash flows for the six-month period ended 30 June 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 30 June 2015 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited  
Munther Dajani  
Registration No: 268  
Date: **14 JUL 2015**

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

Condensed interim statement of financial position

as at 30 June 2015

|  | Notes | (Un-audited)<br>30 June 2015<br>AED | (Audited)<br>31 December 2014<br>AED<br>(Restated) | 1 January 2014<br>AED<br>(Restated) |
|--|-------|-------------------------------------|--|-------------------------------------|
| <b>ASSETS</b>  |       |                                     |  |                                     |
| Property and equipment   | 6     | 3,203,877                           | 2,738,680  | 2,418,056                           |
| Investment properties  | 7     | 5,933,242                           | 6,031,947  | 7,576,193                           |
| Investment securities  | 8     | 50,442,154                          | 54,960,670   | 46,690,310                          |
| Statutory deposit  |       | 10,000,000                          | 10,000,000   | 10,000,000                          |
| Insurance contract assets  | 11    | 115,203,102                         | 88,751,508   | 80,476,225                          |
| Insurance and other receivables                                      | 9     | 222,562,495                         | 185,730,063  | 120,503,129                         |
| Cash and bank balances   | 10    | 208,466,390                         | 175,803,915  | 201,540,770                         |
| <b>Total assets</b>  |       | <b>615,811,260</b>                  | <b>524,016,783</b>                                 | <b>469,204,683</b>                  |
| <b>EQUITY AND LIABILITIES</b>  |       |                                     |  |                                     |
| <b>Capital and reserves</b>  |       |                                     |  |                                     |
| 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<br>available-for-sale securities |       | 14,855,944                          | 19,604,042   | 11,699,497                          |
| Retained earnings  |       | 45,332,847                          | 36,549,157   | 43,397,784                          |
| <b>Total equity</b>  |       | <b>230,049,894</b>                  | <b>226,014,302</b>                                 | <b>211,170,859</b>                  |
| Insurance contract liabilities                                       | 11    | 276,354,235                         | 229,425,612  | 193,207,862                         |
| Insurance and other payables   | 13    | 105,765,869                         | 64,579,063   | 61,387,511                          |
| Provision for employees' end of service benefits                     | 14    | 3,641,262                           | 3,997,806  | 3,438,451                           |
| <b>Total liabilities</b>   |       | <b>385,761,366</b>                  | <b>298,002,481</b>                                 | <b>258,033,824</b>                  |
| <b>Total equity and liabilities</b>                                  |       | <b>615,811,260</b>                  | <b>524,016,783</b>                                 | <b>469,204,683</b>                  |

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

14 JUL 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 six-month period ended 30 June 2015

|   | <b>(Un-audited)</b>             | (Un-audited)   | <b>(Un-audited)</b> | (Un-audited) |
|---|---------------------------------|----------------|---------------------|--------------|
|   | <b>For the three-</b>           | For the three- | <b>For the six-</b> | For the six- |
|   | <b>month period</b>             | month period   | <b>month period</b> | month period |
|   | <b>ended</b>                    | ended          | <b>ended</b>        | ended        |
| <i>Notes</i>  | <b>30 June 2015</b>             | 30 June 2014   | <b>30 June 2015</b> | 30 June 2014 |
|   | <b>AED</b>                      | AED            | <b>AED</b>          | AED          |
|   |                                 | (Restated)     |                     | (Restated)   |
| Gross insurance premium   | <b>123,851,998</b>              | 76,505,547     | <b>205,914,515</b>  | 153,091,977  |
| Less: insurance premium ceded to reinsurers                             | <b>(51,669,152)</b>             | (23,600,890)   | <b>(75,636,722)</b> | (50,856,261) |
| Net retained premium  | <b>72,182,846</b>               | 52,904,657     | <b>130,277,793</b>  | 102,235,716  |
| Net change in unearned premium reserve                                  | <i>11.1</i> <b>(13,491,790)</b> | (17,491,379)   | <b>(18,720,579)</b> | (26,340,178) |
| <b>Net insurance premium</b>  | <b>58,691,056</b>               | 35,413,278     | <b>111,557,214</b>  | 75,895,538   |
| Gross claims incurred   | <i>11.1</i> <b>(41,570,858)</b> | (40,362,106)   | <b>(81,536,420)</b> | (91,940,790) |
| Insurance claims recovered from reinsurers                              | <i>11.1</i> <b>2,565,073</b>    | 5,914,067      | <b>15,583,557</b>   | 36,604,836   |
| <b>Net claims incurred</b>  | <b>(39,005,785)</b>             | (34,448,039)   | <b>(65,952,863)</b> | (55,335,954) |
| Gross commission earned   | <b>2,668,425</b>                | 2,439,906      | <b>4,744,556</b>    | 4,855,290    |
| Less: commission incurred   | <b>(9,069,102)</b>              | (4,474,893)    | <b>(15,661,383)</b> | (9,488,669)  |
| <b>Net commission incurred</b>  | <b>(6,400,677)</b>              | (2,034,987)    | <b>(10,916,827)</b> | (4,633,379)  |
| <b>Gross underwriting profit / (loss)</b>                               | <b>13,284,594</b>               | (1,069,748)    | <b>34,687,524</b>   | 15,926,205   |
| General and administrative expenses relating to underwriting activities | <i>15</i> <b>(7,514,850)</b>    | (7,247,159)    | <b>(13,901,835)</b> | (10,453,586) |
| <b>Net underwriting profit / (loss)</b>                                 | <b>5,769,744</b>                | (8,316,907)    | <b>20,785,689</b>   | 5,472,619    |
| Investment income   | <i>16</i> <b>804,122</b>        | 41,884         | <b>1,643,873</b>    | 1,458,844    |
| Other income  | <i>16</i> <b>986,974</b>        | 1,413,267      | <b>1,988,073</b>    | 2,488,637    |
| Unallocated general and administrative expenses                         | <i>15</i> <b>(2,504,950)</b>    | (2,415,720)    | <b>(4,633,945)</b>  | (3,484,529)  |
| <b>Profit / (loss) for the period</b>                                   | <b>5,055,890</b>                | (9,277,476)    | <b>19,783,690</b>   | 5,935,571    |
| Earnings / (loss) per share   | <i>21</i> <b>0.05</b>           | (0.08)         | <b>0.18</b>         | 0.05         |

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 six-month period ended 30 June 2015*

|   | <b>(Un-audited)</b>                              | (Un-audited)                            | <b>(Un-audited)</b>                            | (Un-audited)                          |
|---|--|---|--|---------------------------------------|
|   | <b>For the three-<br/>month period<br/>ended</b> | For the three-<br>month period<br>ended | <b>For the six-<br/>month period<br/>ended</b> | For the six-<br>month period<br>ended |
|   | <b>30 June 2015<br/>AED</b>                      | 30 June 2014<br>AED                     | <b>30 June 2015<br/>AED</b>                    | 30 June 2014<br>AED                   |
| <b>Profit / (loss) for the period</b>                           | <b>5,055,890</b>                                 | (9,277,476)                             | <b>19,783,690</b>                              | 5,935,571                             |
| <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       | <b>282,106</b>                                   | -                                       | <b>(4,748,098)</b>                             | 6,075,386                             |
| <b>Total other comprehensive income / (loss) for the period</b> | <u><b>282,106</b></u>                            | <u>-</u>                                | <u><b>(4,748,098)</b></u>                      | <u>6,075,386</u>                      |
| <b>Total comprehensive income / (loss) for the period</b>       | <u><b>5,337,996</b></u>                          | <u>(9,277,476)</u>                      | <u><b>15,035,592</b></u>                       | <u>12,010,957</u>                     |

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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 six-month period ended 30 June 2015

|   | Share<br>capital<br>AED | Statutory<br>reserve<br>AED | Special<br>reserve<br>AED | Cumulative<br>changes in<br>fair value of<br>AFS securities<br>AED | Retained<br>earnings<br>AED | Total<br>AED       |
|---|-------------------------|-----------------------------|---------------------------|--|-----------------------------|--------------------|
| Balance at 1 January 2014   | 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)  | -                       | -                           | -                         | -  | 5,935,571                   | 5,935,571          |
| <b>Other comprehensive income for the period</b>                              |                         |                             |                           |  |                             |                    |
| Net change in fair value of available-for-sale 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>5,935,571</b>            | <b>12,010,957</b>  |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |                         |                             |                           |  |                             |                    |
| Dividend (refer note 19)  | 10,000,000              | -                           | -                         | -  | (20,000,000)                | (10,000,000)       |
| Directors' remuneration   | -                       | -                           | -                         | -  | (1,300,000)                 | (1,300,000)        |
| <b>As at 30 June 2014 (restated)</b>  | <b>110,000,000</b>      | <b>36,073,578</b>           | <b>20,000,000</b>         | <b>17,774,883</b>  | <b>28,033,355</b>           | <b>211,881,816</b> |
| <b>Balance at 1 January 2015</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   | -                       | -                           | -                         | -  | 19,783,690                  | 19,783,690         |
| <b>Other comprehensive income for the period</b>                              |                         |                             |                           |  |                             |                    |
| Net change in fair value of available-for-sale investments                    | -                       | -                           | -                         | (4,748,098)  | -                           | (4,748,098)        |
| <b>Total other comprehensive income for the period</b>                        | <b>-</b>                | <b>-</b>                    | <b>-</b>                  | <b>(4,748,098)</b>   | <b>-</b>                    | <b>(4,748,098)</b> |
| <b>Total comprehensive income for the period</b>                              | <b>-</b>                | <b>-</b>                    | <b>-</b>                  | <b>(4,748,098)</b>   | <b>19,783,690</b>           | <b>15,035,592</b>  |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |                         |                             |                           |  |                             |                    |
| Dividend (refer note 19)  | -                       | -                           | -                         | -  | (11,000,000)                | (11,000,000)       |
| <b>As at 30 June 2015</b>   | <b>110,000,000</b>      | <b>39,861,103</b>           | <b>20,000,000</b>         | <b>14,855,944</b>  | <b>45,332,847</b>           | <b>230,049,894</b> |

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 six-month period ended 30 June 2015

|  | (Un-audited)<br>For the six-month<br>period<br>ended<br>30 June 2015<br>AED | (Un-audited)<br>For the six-<br>month period<br>ended<br>30 June 2014<br>AED<br>(Restated) |
|--|---|--|
| <b>Cash flows from operating activities</b>                                |   |  |
| Profit for the period  | 19,783,690  | 5,935,571  |
| <i>Adjustment for:</i>   |   |  |
| Depreciation of property and equipment                                     | 549,069   | 422,203  |
| Depreciation of investment property  | 98,705  | 123,365  |
| Provision of employees' end of service benefits                            | 618,790   | 375,661  |
| Unrealised loss on financial assets at FVTPL                               | (229,582)   | (657,574)  |
| Income from investment property  | (74,578)  | (75,817)   |
| Interest income  | (1,831,655)   | (2,189,750)  |
| Dividend income  | (1,339,712)   | (725,453)  |
| Directors' remuneration expense  | 1,300,000   | 1,300,000  |
| Gain on disposal of property and equipment                                 | (57,077)  | -  |
|  | <u>18,817,650</u>   | <u>4,508,206</u>   |
| Change in re-insurance contract assets                                     | (26,451,594)  | (23,437,395)   |
| Change in insurance contract liabilities                                   | 46,928,623  | 53,877,116   |
| Change in insurance and other receivables                                  | (37,483,648)  | (52,530,869)   |
| Change in insurance and other payables                                     | 40,356,944  | (4,311,270)  |
| Employees' end of service benefits paid                                    | (975,334)   | (253,803)  |
| <b>Net cash generated from / (used in) operating activities</b>            | <u>41,192,641</u>   | <u>(22,148,015)</u>  |
| <b>Cash flows from investing activities</b>                                |   |  |
| Purchase of property and equipment   | (1,095,939)   | (354,100)  |
| Proceeds from disposal of property and equipment                           | 138,750   | 577  |
| Income from investment property  | 74,578  | 75,817   |
| Interest received  | 2,482,870   | 2,497,321  |
| Dividend received  | 1,339,712   | 725,453  |
| Dividend from an associate   | -   | 1,400,000  |
| Change in fixed deposit with banks with maturity greater than three months | 2,253,132   | (49,985,827)   |
| <b>Net cash generated from / (used in) investing activities</b>            | <u>5,193,103</u>  | <u>(45,640,759)</u>  |
| <b>Cash flows from financing activities</b>                                |   |  |
| Dividend paid  | (10,170,138)  | (4,627,795)  |
| Directors' remuneration paid   | (1,300,000)   | (1,300,000)  |
| <b>Net cash used in financing activities</b>                               | <u>(11,470,138)</u>   | <u>(5,927,795)</u>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b>              | <b>34,915,606</b>   | <b>(73,716,569)</b>  |
| Cash and cash equivalents at the beginning of the period                   | <u>83,342,712</u>   | <u>141,847,492</u>   |
| <b>Cash and cash equivalents at the end of the period</b>                  | <u><u>118,258,318</u></u>   | <u><u>68,130,923</u></u>   |

Notes

10

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 six-month period ended 30 June 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 decision 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 recognised initially at fair value and subsequently measured at amortised 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 recognized 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, General Accident and Others.

Premiums are recognized 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 contract. 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 June 2015 (Un-audited)

| <u>Financial assets</u>                  | FVTPL<br>AED     | AFS<br>AED        | Amortised cost<br>AED | Total<br>AED       |
|--|------------------|-------------------|-----------------------|--------------------|
| Investment securities                    | 4,710,406        | 42,024,548        | 3,707,200             | 50,442,154         |
| Insurance and other receivables          | -                | -                 | 222,562,495           | 222,562,495        |
| Re-insurance share of outstanding claims | -                | -                 | 53,199,273            | 53,199,273         |
| Statutory deposit                        | -                | -                 | 10,000,000            | 10,000,000         |
| Cash and bank balances                   | -                | -                 | 208,466,390           | 208,466,390        |
|  | <u>4,710,406</u> | <u>42,024,548</u> | <u>497,935,358</u>    | <u>544,670,312</u> |
| <b><u>Financial liabilities</u></b>      |                  |                   |                       |                    |
| Insurance and other payables             | -                | -                 | 105,765,869           | 105,765,869        |
| Outstanding claims                       | -                | -                 | 86,500,022            | 86,500,022         |
|  | <u>-</u>         | <u>-</u>          | <u>192,265,891</u>    | <u>192,265,891</u> |

At 31 December 2014 (Audited)

| <u>Financial assets</u>                  | FVTPL<br>AED     | AFS<br>AED        | Amortised cost<br>AED | Total<br>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> |
| <b><u>Financial liabilities</u></b>      |                  |                   |                       |                    |
| 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<br>fixtures<br>AED | Office<br>equipment<br>AED | Motor vehicles<br>AED | Computer<br>equipment<br>AED | Total<br>AED     |
|-------------------------------------|----------------------------------|----------------------------|-----------------------|------------------------------|------------------|
| <b>Cost</b>                         |                                  |                            |                       |                              |                  |
| 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 / write off               | (9,013)                          | -                          | (49,000)              | -                            | (58,013)         |
| <b>At 31 December 2014</b>          | <b>3,246,854</b>                 | <b>645,873</b>             | <b>985,649</b>        | <b>2,163,996</b>             | <b>7,042,372</b> |
| At 1 January 2015                   | 3,246,854                        | 645,873                    | 985,649               | 2,163,996                    | 7,042,372        |
| Additions                           | 338,183                          | 98,376                     | 461,815               | 197,565                      | 1,095,939        |
| Disposals / write off               | (82,381)                         | -                          | (217,000)             | -                            | (299,381)        |
| <b>At 30 June 2015 (Un-audited)</b> | <b>3,502,656</b>                 | <b>744,249</b>             | <b>1,230,464</b>      | <b>2,361,561</b>             | <b>7,838,930</b> |
| <b>Depreciation</b>                 |                                  |                            |                       |                              |                  |
| 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          |
| Disposals / write off               | (8,437)                          | -                          | (49,000)              | -                            | (57,437)         |
| <b>At 31 December 2014</b>          | <b>1,886,364</b>                 | <b>309,106</b>             | <b>685,891</b>        | <b>1,422,331</b>             | <b>4,303,692</b> |
| At 1 January 2015                   | 1,886,364                        | 309,106                    | 685,891               | 1,422,331                    | 4,303,692        |
| Charge for the period               | 273,903                          | 64,824                     | 63,155                | 147,187                      | 549,069          |
| Disposals / write off               | (82,381)                         | -                          | (135,327)             | -                            | (217,708)        |
| <b>At 30 June 2015 (Un-audited)</b> | <b>2,077,886</b>                 | <b>373,930</b>             | <b>613,719</b>        | <b>1,569,518</b>             | <b>4,635,053</b> |
| <b>Carrying amounts</b>             |                                  |                            |                       |                              |                  |
| At 31 December 2014                 | 1,360,490                        | 336,767                    | 299,758               | 741,665                      | 2,738,680        |
| <b>At 30 June 2015 (Un-audited)</b> | <b>1,424,770</b>                 | <b>370,319</b>             | <b>616,745</b>        | <b>792,043</b>               | <b>3,203,877</b> |

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

### Notes (continued)

#### 7. Investment properties

|                                     | <b>Land<br/>AED</b> | <b>Buildings<br/>AED</b> | <b>Total<br/>AED</b> |
|-------------------------------------|---------------------|--------------------------|----------------------|
| <i>Cost</i>                         |                     |                          |                      |
| At 1 January 2014                   | 3,500,000           | 6,700,230                | 10,200,230           |
| Disposals / write off               |                     | (1,367,666)              | (1,367,666)          |
| <b>At 31 December 2014</b>          | <u>3,500,000</u>    | <u>5,332,564</u>         | <u>8,832,564</u>     |
| At 1 January 2015                   | 3,500,000           | 5,332,564                | 8,832,564            |
| <b>At 30 June 2015 (Un-audited)</b> | <u>3,500,000</u>    | <u>5,332,564</u>         | <u>8,832,564</u>     |
| <i>Accumulated depreciation</i>     |                     |                          |                      |
| At 1 January 2014                   | -                   | 2,624,037                | 2,624,037            |
| Charge for the year                 | -                   | 249,472                  | 249,472              |
| Disposals / write off               |                     | (72,892)                 | (72,892)             |
| <b>At 31 December 2014</b>          | <u>-</u>            | <u>2,800,617</u>         | <u>2,800,617</u>     |
| At 1 January 2015                   | -                   | 2,800,617                | 2,800,617            |
| Charge for the year                 | -                   | 98,705                   | 98,705               |
| <b>At 30 June 2015 (Un-audited)</b> | <u>-</u>            | <u>2,899,322</u>         | <u>2,899,322</u>     |
| <i>Carrying amounts</i>             |                     |                          |                      |
| At 31 December 2014                 | <u>3,500,000</u>    | <u>2,531,947</u>         | <u>6,031,947</u>     |
| <b>At 30 June 2015 (Un-audited)</b> | <u>3,500,000</u>    | <u>2,433,242</u>         | <u>5,933,242</u>     |

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 June 2015<br>AED | 31 December 2014<br>AED |
| Financial assets at fair value through profit or loss - within UAE | 4,710,406           | 4,480,824               |
| Available-for-sale securities - within UAE                         | 42,024,548          | 46,772,646              |
| Financial assets held-to-maturity - within UAE                     | 3,707,200           | 3,707,200               |
|  | <u>50,442,154</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<br>AED    | Level 2<br>AED   | Level 3<br>AED | Total<br>AED      |
|--------------------------------------|-------------------|------------------|----------------|-------------------|
| <b>At 30 June 2015 (Un-audited)</b>  |                   |                  |                |                   |
| FVTPL                                | 4,710,406         | -                | -              | 4,710,406         |
| AFS                                  | 42,024,548        | -                | -              | 42,024,548        |
| HTM                                  | -                 | 3,707,200        | -              | 3,707,200         |
|                                      | <u>46,734,954</u> | <u>3,707,200</u> | <u>-</u>       | <u>50,442,154</u> |
| <b>At 31 December 2014 (Audited)</b> |                   |                  |                |                   |
| 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

|   | <b>30 June</b>      | 31 December  |
|---|---------------------|--------------|
|   | <b>2015</b>         | 2014         |
|   | <b>AED</b>          | AED          |
| <i>Insurance related</i>                                  |                     |              |
| Premium receivable  | <b>198,152,567</b>  | 148,522,005  |
| Reinsurance companies                                     | <b>11,242,493</b>   | 13,914,273   |
| Insurance agents and brokers                              | <b>3,608,708</b>    | 3,491,600    |
| Due from related parties (refer note 17)                  | <b>18,427,886</b>   | 31,249,175   |
| <i>Non Insurance related</i>                              |                     |              |
| Accrual of interest and other income                      | <b>2,135,902</b>    | 1,832,966    |
| Advances and prepayments                                  | <b>1,942,049</b>    | 2,132,615    |
| Other receivables   | <b>5,917,890</b>    | 3,452,429    |
|   | <b>241,427,495</b>  | 204,595,063  |
| Less: provision for doubtful receivables (refer note 9.1) | <b>(18,865,000)</b> | (18,865,000) |
|   | <b>222,562,495</b>  | 185,730,063  |

### 9.1 Provision for doubtful receivables

|                              | <b>(Un-audited)</b> | (Audited)   |
|------------------------------|---------------------|-------------|
|                              | <b>30 June</b>      | 31 December |
|                              | <b>2015</b>         | 2014        |
|                              | <b>AED</b>          | AED         |
| At 1 January                 | <b>18,865,000</b>   | 7,165,000   |
| Charge for the period / year | <b>-</b>            | 11,700,000  |
|                              | <b>18,865,000</b>   | 18,865,000  |

## 10 Cash and bank balances

|   | <b>(Un-audited)</b> | (Audited)    |
|---|---------------------|--------------|
|   | <b>30 June</b>      | 31 December  |
|   | <b>2015</b>         | 2014         |
|   | <b>AED</b>          | AED          |
| Cash in hand - within UAE                                   | <b>137,162</b>      | 119,661      |
| Cash at bank - within UAE                                   | <b>55,066,728</b>   | 23,792,313   |
| Fixed deposits - within UAE                                 | <b>153,262,500</b>  | 151,891,941  |
|   | <b>208,466,390</b>  | 175,803,915  |
| Less: deposits with maturities of greater than three months | <b>(89,908,072)</b> | (92,161,203) |
| Less: fixed deposits under lien                             | <b>(300,000)</b>    | (300,000)    |
| Cash and cash equivalents                                   | <b>118,258,318</b>  | 83,342,712   |



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

## Notes (continued)

| <b>11 Insurance contract liabilities and reinsurance contract assets</b> | <b>(Un-audited)</b>         | <b>(Audited)</b>    |
|--|-----------------------------|---------------------|
|  | <b>30 June</b>              | <b>31 December</b>  |
|  | <b>2015</b>                 | <b>2014</b>         |
|  | <b>AED</b>                  | <b>AED</b>          |
|  |                             | <b>(Restated)</b>   |
| <b>Insurance contract liabilities</b>                                    |                             |                     |
| Claims reported unsettled  | <b>86,500,022</b>           | 85,828,598          |
| Claims incurred but not reported   | <b>4,325,001</b>            | 4,291,430           |
| Unearned premiums  | <b>185,529,212</b>          | 139,305,584         |
| <b>Insurance contract liabilities</b>                                    | <b><u>276,354,235</u></b>   | <u>229,425,612</u>  |
| <b>Insurance contract assets</b>   |                             |                     |
| Claims reported unsettled  | <b>(53,199,273)</b>         | (54,200,659)        |
| Claims incurred but not reported   | <b>(2,659,964)</b>          | (2,710,033)         |
| Deferred reinsurance premiums  | <b>(59,343,865)</b>         | (31,840,816)        |
| <b>Total insurers' share of reinsurance contracts</b>                    | <b><u>(115,203,102)</u></b> | <u>(88,751,508)</u> |
| <b>Net</b>   |                             |                     |
| Claims reported unsettled  | <b>33,300,749</b>           | 31,627,939          |
| Claims incurred but not reported   | <b>1,665,037</b>            | 1,581,397           |
| Unearned premiums  | <b>126,185,347</b>          | 107,464,768         |
|  | <b><u>161,151,133</u></b>   | <u>140,674,104</u>  |

## 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 re-insurance contract assets during the period were as follows:

|   | Period ended 30 June 2015<br>(Un-audited) |                     |                    | Period ended 30 June 2014<br>(Un-audited)<br>(Restated) |                     |                   |
|---|---|---------------------|--------------------|---|---------------------|-------------------|
|   | Gross<br>AED                              | Reinsurance<br>AED  | Net<br>AED         | Gross<br>AED  | Reinsurance<br>AED  | Net<br>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                | (80,831,425)                              | 16,635,011          | (64,196,414)       | (71,215,806)  | 19,979,396          | (51,236,410)      |
| Increase in liabilities                     | 81,536,420                                | (15,583,557)        | 65,952,863         | 91,940,790  | (36,604,836)        | 55,335,954        |
| <b>Total at the end of the period</b>       | <b>90,825,023</b>                         | <b>(55,859,238)</b> | <b>34,965,785</b>  | <b>119,584,537</b>                                      | <b>(70,795,113)</b> | <b>48,789,424</b> |
| Notified claims                             | 86,500,022                                | (53,199,274)        | 33,300,748         | 113,890,035   | (67,423,917)        | 46,466,118        |
| Incurred but not reported                   | 4,325,001                                 | (2,659,964)         | 1,665,037          | 5,694,502   | (3,371,196)         | 2,323,306         |
| <b>Total at the end of the period</b>       | <b>90,825,023</b>                         | <b>(55,859,238)</b> | <b>34,965,785</b>  | <b>119,584,537</b>                                      | <b>(70,795,113)</b> | <b>48,789,424</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                  | 185,529,212                               | (59,343,865)        | 126,185,347        | 127,500,441   | (33,118,507)        | 94,381,934        |
| 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>46,223,628</b>                         | <b>(27,503,049)</b> | <b>18,720,579</b>  | <b>33,152,132</b>                                       | <b>(6,811,955)</b>  | <b>26,340,177</b> |
| <b>Total at the end of the period</b>       | <b>185,529,212</b>                        | <b>(59,343,865)</b> | <b>126,185,347</b> | <b>127,500,441</b>                                      | <b>(33,118,507)</b> | <b>94,381,934</b> |

## 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:

- 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<br>previously<br>AED | Adjustments<br>AED | Restated/reclassified<br>amount<br>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<br>previously<br>AED | Adjustments<br>AED | Restated<br>amount<br>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)

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

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

|                                       | As previously<br>reported<br>AED | Adjustments<br>AED  | Restated/reclassified<br>amount<br>AED |
|---------------------------------------|----------------------------------|---------------------|--|
| Investment in an associate            | 23,594,967                       | (23,594,967)        | -                                      |
| Investment securities                 | 31,253,224                       | 20,000,000          | 51,253,224                             |
| Reinsurance contract assets           | 100,640,320                      | (13,831,089)        | 86,809,231                             |
| <b>Insurance contract liabilities</b> | <b>215,432,118</b>               | <b>38,014,298</b>   | <b>253,446,416</b>                     |
| <b>Profit for the period</b>          | <b>26,104,970</b>                | <b>(20,169,399)</b> | <b>5,935,571</b>                       |
| <b>Earnings per share</b>             | <b>0.24</b>                      | <b>(0.18)</b>       | <b>0.05</b>                            |

### 13 Insurance and other payables

|  | (Un-audited)<br>30 June<br>2015<br>AED | (Audited)<br>31 December<br>2014<br>AED |
|--|--|---|
| <i>Insurance related</i>               |  |   |
| Creditors                              | 8,656,211                              | 5,729,920                               |
| Reinsurance companies                  | 68,730,982                             | 30,690,434                              |
| Due to related parties (refer note 19) | 299,882                                | 389,060                                 |
| Commission payable                     | 12,560,907                             | 11,388,411                              |
| <i>Non Insurance related</i>           |  |   |
| Accrued expenses                       | 8,523,899                              | 7,785,950                               |
| Employees' benefits                    | 1,156,692                              | 3,055,775                               |
| Other payable balances                 | 5,837,296                              | 5,539,513                               |
|  | <b>105,765,869</b>                     | <b>64,579,063</b>                       |

### 14 Provision for employees' end of service benefits

|   | (Un-audited)<br>30 June<br>2015<br>AED | (Audited)<br>31 December<br>2014<br>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        | 618,790                                | 1,085,891                               |
| Amounts paid during the period / year           | (975,334)                              | (526,536)                               |
| Balance at the end of the period / year         | <b>3,641,262</b>                       | <b>3,997,806</b>                        |

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

### Notes (continued)

| 15 General and administrative expenses                     | (Un-audited)<br>For the three-<br>month period<br>ended<br>30 June 2015<br>AED | (Un-audited)<br>For the three-<br>month period<br>ended<br>30 June 2014<br>AED | (Un-audited)<br>For the six-<br>month period<br>ended<br>30 June 2015<br>AED | (Un-audited)<br>For the six-<br>month period<br>ended<br>30 June 2014<br>AED |
|--|--|--|--|--|
| Other operational costs related to underwriting operations | 7,514,850  | 7,247,159  | 13,901,835   | 10,453,586   |
| Unallocated general and administrative expenses            | 2,504,950  | 2,415,720  | 4,633,945  | 3,484,529  |
| Total  | <u>10,019,800</u>  | <u>9,662,879</u>   | <u>18,535,780</u>  | <u>13,938,115</u>  |

The above general and administration expenses include the following costs:

|              | (Un-audited)<br>For the three-<br>month period<br>ended<br>30 June 2015<br>AED | (Un-audited)<br>For the three-<br>month period<br>ended<br>30 June 2014<br>AED | (Un-audited)<br>For the six-<br>month period<br>ended<br>30 June 2015<br>AED | (Un-audited)<br>For the six-<br>month period<br>ended<br>30 June 2014<br>AED |
|--------------|--|--|--|--|
| Staff costs  | 6,991,083  | 5,312,664  | 13,289,351   | 8,882,125  |
| Rent         | 280,881  | 382,458  | 521,818  | 662,337  |
| Depreciation | 338,462  | 277,111  | 647,775  | 526,255  |
| Others       | 2,409,374  | 3,690,646  | 4,076,836  | 3,867,398  |
| Total        | <u>10,019,800</u>  | <u>9,662,879</u>   | <u>18,535,780</u>  | <u>13,938,115</u>  |

| 16 Net income from investments   | (Un-audited)<br>For the three-<br>month period<br>ended<br>30 June 2015<br>AED | (Un-audited)<br>For the three-<br>month period<br>ended<br>30 June 2014<br>AED | (Un-audited)<br>For the six-<br>month period<br>ended<br>30 June 2015<br>AED | (Un-audited)<br>For the six-<br>month period<br>ended<br>30 June 2014<br>AED |
|--|--|--|--|--|
| <i>Income from investment securities</i>                                     |  |  |  |  |
| Dividend income  | 458,110  | 51,104   | 1,339,712  | 725,453  |
| Unrealised gains / (losses) on investments fair value through profit or loss | 318,825  | (28,444)   | 229,582  | 657,574  |
| <i>Income from investment properties</i>                                     |  |  |  |  |
| Net rental income from investment properties                                 | 27,186   | 19,224   | 74,578   | 75,817   |
| <i>Other income</i>  |  |  |  |  |
| Interest on fixed deposits   | 907,396  | 1,120,462  | 1,831,655  | 2,189,750  |
| Miscellaneous income   | 79,579   | 292,805  | 156,419  | 298,887  |
|  | <u>1,791,096</u>   | <u>1,455,151</u>   | <u>3,631,946</u>   | <u>3,947,481</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)<br>30 June<br>2015<br>AED | (Audited)<br>31 December<br>2014<br>AED |
|------------------------|--|---|
| Due from policyholders | 18,427,886                             | 31,249,175                              |
| Due to policyholders   | (299,882)                              | (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)<br>For the six-<br>month period<br>ended<br>30 June 2015<br>AED | (Audited)<br>For the six-<br>month period<br>ended<br>30 June 2014<br>AED |
|----------------|--|---|
| Gross premiums | 12,082,269   | 8,030,936   |
| Claims paid    | 1,629,912  | 2,115,686   |

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

#### *Compensation of key management personnel*

|                     |         |         |
|---------------------|---------|---------|
| Short-term benefits | 889,800 | 799,800 |
| Long-term benefits  | 48,597  | 43,390  |

#### 18 Contingent liabilities

|                       | (Un-audited)<br>30 June<br>2015 | (Audited)<br>31 December<br>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)

#### 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 six-month<br>period ended 30 June 2015 |                            |                    | For the six-month<br>period ended 30 June 2014 |                            |                    |
|---------------------------|--|----------------------------|--------------------|--|----------------------------|--------------------|
|                           | Underwriting                                   | Investment and<br>Treasury | Total              | Underwriting                                   | Investment and<br>Treasury | Total              |
| <b>(Un-audited)</b>       | <b>AED</b>                                     | <b>AED</b>                 | <b>AED</b>         | <b>AED</b>                                     | <b>AED</b>                 | <b>AED</b>         |
| Segment revenue           | 205,914,515                                    | -                          | 205,914,515        | 153,091,977                                    | -                          | 153,091,977        |
| Segment result            | 20,785,689                                     | 3,631,946                  | 24,417,635         | 5,472,619                                      | 3,947,481                  | 9,420,100          |
| Unallocated costs - net   | -  | -                          | (4,633,945)        | -  | -                          | (3,484,529)        |
| Net profit for the period |  |                            | 19,783,690         |  |                            | 5,935,571          |
|                           | <b>30 June 2015</b>                            |                            |                    | <b>31 December 2014</b>                        |                            |                    |
|                           | Underwriting                                   | Investment and<br>Treasury | Total              | Underwriting                                   | Investment and<br>Treasury | Total              |
|                           | <b>(Un-audited)</b>                            |                            |                    | <b>(Audited)</b>                               |                            |                    |
|                           | <b>AED</b>                                     | <b>AED</b>                 | <b>AED</b>         | <b>AED</b>                                     | <b>AED</b>                 | <b>AED</b>         |
| Segment assets            | 338,386,702                                    | 209,637,896                | 548,024,598        | 275,102,676                                    | 212,584,558                | 487,687,234        |
| Unallocated assets        | -  | -                          | 67,786,662         | -  | -                          | 36,329,549         |
| <b>Total assets</b>       |  |                            | <b>615,811,260</b> |  |                            | <b>524,016,783</b> |
| Segment liabilities       | 382,120,104                                    | -                          | 382,120,104        | 294,004,675                                    | -                          | 294,004,675        |
| Unallocated liabilities   | -  | -                          | 3,641,262          | -  | -                          | 3,997,806          |
| <b>Total liabilities</b>  |  |                            | <b>385,761,366</b> |  |                            | <b>298,002,481</b> |

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

|   | Six-month ended        |                        |
|---|------------------------|------------------------|
|   | 30 June<br>2015<br>AED | 30 June<br>2014<br>AED |
| Motor   | 23,542,762             | 19,412,872             |
| Marine and aviation                             | 4,252,111              | 10,088,868             |
| Group life and medical insurance                | 121,857,854            | 72,381,642             |
| Engineering, fire, general accidents and others | 56,261,788             | 51,208,595             |
|   | <b>205,914,515</b>     | <b>153,091,977</b>     |

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

### Notes (continued)

| <b>21 Earnings per share</b>   | <b>(Un-audited)</b>                              | (Un-audited)<br>(Restated)              | <b>(Un-audited)</b>                            | (Un-audited)<br>(Restated)            |
|--|--|---|--|---------------------------------------|
|  | <b>For the three-<br/>month period<br/>ended</b> | For the three-<br>month period<br>ended | <b>For the six-<br/>month period<br/>ended</b> | For the six-<br>month period<br>ended |
|  | <b>30 June 2015</b>                              | 30 June 2014                            | <b>30 June 2015</b>                            | 30 June 2014                          |
|  | <b>AED</b>                                       | AED                                     | <b>AED</b>                                     | AED                                   |
| Profit for the period  | <b>5,055,890</b>                                 | (9,277,476)                             | <b>19,783,690</b>                              | 5,935,571                             |
| Weighted ordinary shares of AED 1 each<br>outstanding during the period (restated) | <b>110,000,000</b>                               | 110,000,000                             | <b>110,000,000</b>                             | 110,000,000                           |
| Basic earnings per share   | <b>0.05</b>                                      | (0.08)                                  | <b>0.18</b>                                    | 0.05                                  |

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.