



Directors' Report

For three months ended 31 March 2018

Dear Shareholders,

On behalf of the Board of Directors of National Life & General Insurance Co SAOG ("the Company" or "NLGIC"), I have the pleasure to present to you the unaudited results of the group for the three months period ended 31 March 2018.

Performance Highlights

Insurance Operations and Net Underwriting Results:

Gross Written Premium (GWP) has grown by 24% to RO 48.8 million as compared to RO 39.2 million in the corresponding period of the previous year. The Net Underwriting Result (NUR) is RO 5.7 million which is 22% higher than RO 4.7 million in the corresponding period of the previous year. Group medical business in UAE has been the key contributor to the growth in GWP and NUR during the first quarter.

Segments	% of growth in GWP Mar 2018 as compared to Mar 2017	% of growth in NUR Mar 2018 as compared to Mar 2017
Oman - Life & Health Operations	25%	13%
Oman - General Operations	21%	50%
UAE - Life & Health Operations	24%	21%
TOTAL	24%	22%

Kuwait branch launch was held in first quarter 2018 and the branch has started underwriting business during the quarter.

Investments:

Investment Income has increased to RO 823K as compared to RO 756K in the corresponding period of the previous year (9% higher). The investment income during the quarter is driven by the dividend income from equities and fixed income from deposits and bonds.

Net Profit After Tax:

With the high levels of growth in the above operating parameters, the company has delivered a strong performance in terms of Net Profit after Tax.

The Net Profit after Tax for the first quarter of 2018 is RO 3 million which is 16% higher than the net profit after tax of RO 2.6 million in the corresponding period of the previous year.

Internal Control Review

The Board attaches significant importance to a robust internal control environment. The company has appropriate systems of internal controls and the Board along with the Audit Committee periodically reviews its effectiveness. Internal controls include a comprehensive risk management system to address risks inherent to strategy, operations, finance and compliance which are monitored on an ongoing basis.

Future Outlook

The Company aims to maintain its leadership position in Oman and increase its market share in UAE. Newly started Kuwait branch is being considered as one of the key sources of growth and profitability for future years. The company is well positioned to be able to maintain sustained profitability and show consistent results across the key performance indicators such as gross written premiums, net underwriting results, investment income and net profits.

Acknowledgements

On behalf of the Board of Directors, I wish to express our sincere gratitude to His Majesty Sultan Qaboos Bin Said for his vision and leadership.

We wish to thank the Capital Market Authority, Government bodies and Ministry Departments for their guidance and support. We also thank all our customers, business partners, reinsurers and staff members for their support and contributions to our company.


Khalid Muhammed Al Zubair
Chairman

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
ASSETS				
Cash and cash equivalents	4	8,953,167	8,119,632	9,471,448
Bank deposits	5	44,795,477	49,698,915	46,015,859
Premiums and insurance balance receivables	7	54,323,552	38,464,436	43,956,681
Reinsurers' share of outstanding claims	12	14,371,329	8,654,676	14,622,917
Reinsurers' share of actuarial / mathematical and unexpired risk reserve	13	21,631,671	14,940,878	20,655,182
Other receivables and prepayments		4,293,904	3,196,049	2,986,582
Investments at fair value through profit or loss	6(a)	2,036,685	2,571,628	2,639,019
Investments carried at amortised cost	6(b)	18,662	18,662	18,662
Investments carried at fair value through other comprehensive income	6(c)	12,756,093	12,930,004	8,862,308
Loans to policyholders		264,233	259,224	398,715
Investment property	9	1,150,000	1,150,000	1,200,000
Property and equipment		1,694,431	1,436,215	1,369,283
Deferred tax asset	19	204,308	190,999	152,175
Goodwill		336,830	336,830	146,490
Total assets		166,830,342	141,968,148	152,495,321
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	10	26,500,000	26,500,000	26,500,000
Legal reserve		5,110,952	4,810,390	4,229,190
Contingency reserve		8,284,254	7,733,953	6,785,702
Revaluation reserve		447,420	447,420	447,420
Fair value reserve		(948,525)	(833,162)	(892,133)
Foreign exchange fluctuation reserve		8,755	9,532	4,750
Retained earnings		8,457,614	10,796,443	6,496,647
Total equity		47,860,470	49,464,576	43,571,576
LIABILITIES				
Gross outstanding claims	12	35,739,797	22,421,935	32,349,537
Gross actuarial / mathematical and unexpired risk reserve	13	62,259,991	45,756,791	57,233,371
Due to reinsurers	14	5,370,116	2,809,486	4,519,034
Other liabilities	15	14,244,259	20,014,272	9,505,663
Short term loan and overdraft from banks		850,000	-	4,900,000
Income tax payable	19	505,709	1,501,088	416,140
Total liabilities		118,969,872	92,503,572	108,923,745
Total equity and liabilities		166,830,342	141,968,148	152,495,321
Net assets per share	17	0.181	0.187	0.164

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 25 April 2018 and were signed on their behalf by



Chairman



Chief Executive Officer

The attached notes 1 to 25 form part of these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2018

	Notes	31 March 2018 RO (Unaudited)	31 March 2017 RO (Unaudited)
Gross written premium		<u>48,773,171</u>	<u>39,204,888</u>
Gross premium, earned		32,269,971	29,223,835
Premium ceded to reinsurers, earned		<u>(12,587,997)</u>	<u>(12,509,289)</u>
Net insurance premium revenue		19,681,974	16,714,546
Commission income on premium ceded to reinsurers		3,342,362	2,774,064
Income from policy fees		558,540	443,567
Gross claims expense		<u>(23,145,408)</u>	<u>(21,394,526)</u>
Reinsurers' share of claims		9,056,085	9,313,950
Commission expense		<u>(3,805,258)</u>	<u>(3,189,763)</u>
Net underwriting result		5,688,295	4,661,838
Investment income – net	18	822,511	755,726
Other operating income		(2,181)	31,641
Third party administration fees		(673,889)	(682,168)
General and administrative expenses		<u>(2,322,136)</u>	<u>(1,706,665)</u>
Finance cost		<u>(1,908)</u>	<u>(35,842)</u>
Profit before income tax		3,510,692	3,024,530
Income tax	19	<u>(505,069)</u>	<u>(433,015)</u>
Profit for the period		3,005,623	<u>2,591,515</u>
Other comprehensive expense			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		8,755	-
Change in value of debt investments carried at fair value through other comprehensive income		8,521	(185)
Items that will not be reclassified to profit or loss:			
Change in value of investments carried at fair value through other comprehensive income		<u>(78,715)</u>	<u>(347,236)</u>
Other comprehensive expense for the period		(61,439)	<u>(347,421)</u>
Total comprehensive income for the period		2,944,184	<u>2,244,094</u>
Earnings per share - basic and diluted	20	<u>0.011</u>	<u>0.010</u>

Items in the unaudited interim condensed consolidated statement of other comprehensive income above are disclosed net of tax.

The attached notes 1 to 25 form part of these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2018

	Notes	31 March 2018 RO (Unaudited)	31 March 2017 RO (Unaudited)
Operating activities			
Profit before taxation		3,510,692	3,024,530
Adjustments for:			
Net (loss) / gain on investments at fair value through profit or loss		34,993	66,442
Amortisation of investments carried at amortised cost	6(b)	-	378
Allowance for impaired debts		37,994	34,554
Accrual for end on service benefits		57,343	43,034
Interest income	18	(493,147)	(537,418)
Finance cost		1,908	35,842
Dividend income	18	(374,157)	(287,965)
Expense from investment property	18	3,251	757
Depreciation		133,355	105,687
		<u>2,912,232</u>	<u>2,485,841</u>
Changes in working capital:			
Premium and insurance balances receivable		(15,890,569)	(9,384,213)
Other receivables and prepayments		(524,994)	(97,000)
Reinsurers' share of outstanding claims		(5,716,653)	(5,857,647)
Reinsurers' share of actuarial / mathematical and unexpired risk reserve		(6,690,793)	(2,735,281)
Gross outstanding claims		13,317,862	11,769,214
Actuarial / mathematical and unexpired risk reserve		16,503,200	9,981,054
Due to reinsurers		2,560,630	3,026,939
Other liabilities		(10,057,551)	(10,635,463)
		<u>(3,586,636)</u>	<u>(1,446,556)</u>
End of service benefits paid		(11,413)	-
Income tax paid		(1,505,210)	(576,000)
Net cash from/ (used in) operating activities		<u>(5,103,259)</u>	<u>(2,022,556)</u>
Investing activities			
Placement in bank deposits (net)		4,595,742	(2,608,000)
Purchase of property and equipment		(391,568)	(82,179)
Purchase of investment securities		(13,776)	(4,584,985)
Proceeds from disposal of investment securities		574,192	533,977
Interest received		124,786	643,585
Dividends received		208,363	10,810
Income from investment property received	18	(3,251)	(757)
Net movement in loans to policyholders		(5,009)	2,481
Net cash used in investing activities		<u>5,089,479</u>	<u>(6,085,068)</u>
Financing activities			
Finance cost paid		(1,908)	(35,842)
Short term loans		850,000	1,000,000
Net cash (used in) / from financing activities		<u>848,092</u>	<u>964,158</u>
Net changes in cash and cash equivalents			
Currency translation adjustment		(777)	4,750
Cash and cash equivalents at the beginning of the period	4	8,119,632	16,610,164
Cash and cash equivalents at the end of the period	4	<u>8,953,167</u>	<u>9,471,448</u>

The attached notes 1 to 25 form part of these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2018

	Share capital RO	Legal reserve RO	Contingency reserve RO	Revaluation reserve RO	Fair value reserve RO	Foreign exchange fluctuation reserve RO	Retained earnings RO	Total equity RO
At 1 January 2017	26,500,000	3,970,038	6,366,767	447,420	(567,896)	-	7,661,653	44,377,982
Profit for the period	-	-	-	-	-	-	2,591,515	2,591,515
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	(347,421)	-	-	(347,421)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	4,750	-	4,750
Total comprehensive income for the period	-	-	-	-	(347,421)	4,750	2,591,515	2,248,844
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	23,184	-	(23,184)	-
Dividends declared (Note 11)	-	-	-	-	-	-	(3,055,250)	(3,055,250)
Transfer to legal reserve	-	259,152	-	-	-	-	(259,152)	-
Transfer to contingency reserve	-	-	418,935	-	-	-	(418,935)	-
At 31 March 2017 (unaudited)	26,500,000	4,229,190	6,785,702	447,420	(892,133)	4,750	6,496,647	43,571,576
At 1 January 2018	26,500,000	4,810,390	7,733,953	447,420	(833,162)	9,532	10,796,443	49,464,576
Transition adjustment on adoption of IFRS-9					(34,792)		(301,155)	(335,947)
At 1 January 2018 (Adjusted)	26,500,000	4,810,390	7,733,953	447,420	(867,954)	9,532	10,495,288	49,128,629
Profit for the period	-	-	-	-	-	-	3,005,623	3,005,623
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	(70,194)	-	-	(70,194)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(777)	-	(777)
Total comprehensive income for the period	-	-	-	-	(70,194)	(777)	3,005,623	2,934,652
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	(10,466)	-	(10,466)	-
Investment Impairment Adjustment-IFRS 9	-	-	-	-	89	-	-	89
Dividends declared (Note 11)	-	-	-	-	-	-	(4,202,900)	(4,202,900)
Transfer to legal reserve	-	300,562	-	-	-	-	(300,562)	-
Transfer to contingency reserve	-	-	550,301	-	-	-	(550,301)	-
At 31 March 2018 (unaudited)	26,500,000	5,110,952	8,284,254	447,420	(948,525)	8,755	8,457,614	47,860,470

The attached notes 1 to 25 form part of these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended 31 March 2018

1 Legal status and principal activities

National Life and General Insurance Company SAOG (the Company or the Parent Company) is a public joint stock company incorporated in the Sultanate of Oman in 1995 and is engaged in the business of life and general insurance within the Sultanate of Oman, United Arab Emirates (UAE) and Kuwait. It commenced its operations with life and health business in Oman and diversified into general insurance business after obtaining general insurance license in 2006. The Group has expanded its operations in UAE with a branch in Dubai to transact life insurance business as per the license dated 13 May 2007 issued by United Arab Emirates Insurance Authority. During 2014, the Parent Company obtained a license dated 8 May 2014 to have a branch in Abu Dhabi issued by United Arab Emirates Insurance Authority and commenced operations in Abu Dhabi during 2015 onwards. During October 2017, the Group has obtained licence for branch operations in Kuwait and the branch has commenced insurance operations during the first quarter of 2018.

The Parent Company is a subsidiary of Oman International Development and Investment Company SAOG (OMINVEST), a public joint stock company incorporated in the Sultanate of Oman.

2 Basis of preparation and accounting policies

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' using the same accounting policies, basis of consolidation and methods of computations as those used in the consolidated financial statements for the year ended 31 December 2017. The interim condensed consolidated financial statements do not contain all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the annual financial statements as at 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the results for the three month period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

The comparative information included in these unaudited interim condensed consolidated financial statements as at 31 March 2017 and for the three month period then ended is unaudited.

The Parent Company has two fully owned subsidiaries "NLGIC Support Services Private Limited" in India and "Inayah TPA LLC" in UAE due to which consolidated financial Statements for the year ended 31 December 2017 comprise of the Parent Company and its subsidiaries (together referred to as the Group).

2.2 Changes in accounting policy and disclosures

(a) New and amended standards and interpretations effective after 1 January 2018 and relevant for the company's operations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group applies, for the first time IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of these changes are disclosed below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although these amendments apply for the first time in 2018, they do not have a material impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

IFRS 4 Insurance Contract's amendments to the standard to introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning 1 January 2021 at the latest.

An entity may apply the temporary exemption from IFRS 9 if:

- i. it has not previously applied any version of IFRS 9 before and
- ii. its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended 31 March 2018

2 Basis of preparation and accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets. The temporary exemption from IFRS 9 is available from 1 January 2018 while the overlay approach applies when IFRS 9 is applied for the first time. The Group has assessed the above options available and criterion thereof and concluded to adopt IFRS 9 from 1 January 2018 as the Group has early adopted phase 1 of IFRS 9 in 2012.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group has early adopted phase 1 of IFRS 9 in 2012 and plans to adopt other aspects of IFRS 9 on the required effective date. Overall, the Group expects no significant impact on its consolidated statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9.

The Group performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance and given insurance contracts are scoped out of IFRS 9, the main impact of the new standard is mainly on the its banks deposits and bonds.

The Group has estimated the impact of impairment on its investments and its impact on equity attributable to the equity holders of the Group amounting to RO 335,947 as of 1 January 2018. The Group has adopted the modification approach wherein the opening investments and equity components as at 01 January 2018 have been modified to incorporate this impact of impairment due to implementation of IFRS 9 as at 01 January 2018. The impact for the three months ended 31 March 2018 of RO 6,452 has been incorporated in the statement of comprehensive income and other comprehensive income in respect of the impairment for investments at fair value through profit or loss and for the investments at fair value through other comprehensive income respectively. The requirements in IFRS 9 have not been applied to the comparative periods prior to the date of initial application.

(b) Standards, amendments or interpretations to existing standards which are relevant for the group but are not yet effective and have not been early adopted by the group.

Certain new standards, amendments to standards and interpretations are not yet effective for the three months ended 31 March 2018, with the Group not opting for early adoption. These have, therefore, not been applied in preparing these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three months ended 31 March 2018

3 Critical accounting judgment and key sources of estimation uncertainty

The preparation of interim condensed consolidated financial statements requires management to make judgements, 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.

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies. In addition to the key sources of estimating uncertainty as were applied to the financial statements for the year ended 31 December 2017, uncertainty of estimate is also applicable to the amount estimated as impairment for financial assets under IFRS 9.

4 Cash and cash equivalents

	31 March 2018	31 December 2017	31 March 2017
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Deposits with banks for less than 90 days	2,592,840	2,592,840	-
Balances with banks	6,348,058	5,518,565	9,436,057
Cash in hand	12,269	8,227	10,373
Cash and cash equivalents	<u>8,953,167</u>	<u>8,119,632</u>	<u>9,446,430</u>

5 Bank deposits

	31 March 2018	31 December 2017	31 March 2017
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Deposits (i)	40,103,173	44,698,915	35,015,859
Subordinated deposits (ii)	5,000,000	5,000,000	11,000,000
Investment Impairment Adjustment-IFRS 9	(307,696)	-	-
	<u>44,795,477</u>	<u>49,698,915</u>	<u>46,015,859</u>

6 Investment securities

	31 March 2018	31 December 2017	31 March 2017
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Investments at fair value through profit or loss	6(a) 2,036,685	2,571,628	2,639,019
Investments carried at amortised cost	6(b) 18,662	18,662	18,662
Investment carried at fair value through other comprehensive income	6(c) 12,756,093	12,930,004	8,862,308
	<u>14,811,440</u>	<u>15,520,294</u>	<u>11,519,989</u>

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three months ended 30 March 2018**
6 Investment securities (continued)
6(a) Investments at fair value through profit or loss

	31 March 2018		31 December 2017		31 March 2017	
	Market value	Cost	Market value	Cost	Market value	Cost
	RO (Unaudited)	RO (Unaudited)	RO (Audited)	RO (Audited)	RO (Unaudited)	RO (Unaudited)
Quoted local						
Banking and investment	782,354	937,435	1,263,956	1,245,644	1,244,170	1,360,260
Services	1,254,331	1,118,018	1,307,672	1,118,018	1,394,849	1,118,018
	<u>2,036,685</u>	<u>2,055,453</u>	<u>2,571,628</u>	<u>2,363,662</u>	<u>2,639,019</u>	<u>2,478,278</u>

(i) Movement in investments at fair value through profit or loss:

	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
At 1 January	2,571,628	2,740,264	2,740,264
Additions during the period / year	13,776	77,521	-
Disposals during the period / year at cost	(513,726)	(194,808)	(33,949)
Realised gain on disposal (note 18)	40,638	12,936	(2,476)
Fair value changes (note 18)	(75,631)	(64,285)	(64,820)
At 31 March / 31 December	<u>2,036,685</u>	<u>2,571,628</u>	<u>2,639,019</u>

6 (b) Investments carried at amortised cost

	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
Bonds - over one year from the date of inception	18,662	18,662	18,662
Annual interest rates	4%	4%	4%

(i) Movement in investments carried at amortised cost:

	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
At 1 January	18,662	500,935	500,935
Matured during the period / year	-	(482,750)	(482,750)
Amortisation during the period / year	-	(377)	(377)
Realised gain on maturity (note 18)	-	854	854
At 31 March / 31 December	<u>18,662</u>	<u>18,662</u>	<u>18,662</u>

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three months ended 31 March 2018**
6 Investment securities (continued)
6 (c) Investments carried at fair value through other comprehensive income

	31 March 2018		31 December 2017		31 March 2017	
	Market value RO (Unaudited)	Cost RO (Unaudited)	Market value RO (Audited)	Cost RO (Audited)	Market value RO (Unaudited)	Cost RO (Unaudited)
Local						
Unquoted	-	-	60,465	50,000	50,000	50,000
Quoted	4,644,457	4,700,117	4,629,663	4,700,117	1,552,703	1,678,815
	4,644,457	4,700,117	4,690,128	4,750,117	1,602,703	1,728,815
Foreign						
Unquoted	138,260	917,650	138,260	917,650	324,997	1,090,394
Quoted	8,008,079	8,229,990	8,101,616	8,229,990	6,934,608	7,070,410
	8,146,339	9,147,640	8,239,876	9,147,640	7,259,605	8,160,804
Investment Impairment Adjustment-IFRS 9	(34,703)	-	-	-	-	-
	12,756,093	13,847,757	12,930,004	13,897,757	8,862,308	9,889,619

(i) Movement in investments carried at fair value through other comprehensive income:

	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
At 1 January	12,930,004	4,681,840	4,681,840
Transition adjustment on adoption of IFRS-9	(34,792)	-	-
At 1 January (Adjusted)	12,895,212	4,681,840	4,681,840
Additions during the period / year	-	8,755,671	4,584,985
Disposals during the period / year	(60,466)	(197,071)	(17,278)
Realised gain on disposal	10,466	9,355	5,504
Fair value change	(89,208)	(319,791)	(392,743)
Movement in Investment Impairment Adjustment-IFRS 9	89	-	-
At 31 March / 31 December	12,756,093	12,930,004	8,862,308

6 (d) Investment in subsidiaries

	31 March 2018		31 December 2017		31 March 2017	
	Country Holding %	Carrying value RO	Holding %	Carrying value RO	Holding %	Carrying value RO
NLGIC support services Pvt. Ltd. (NSSPL)	India	100.00	100.00	167,701	100.00	152,058
Inayah TPA LLC	UAE	100.00	100.00	607,554	-	-
		783,783		775,255		152,058

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

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7 Premiums and insurance balance receivables

	31 March 2018			31 December 2017			31 March 2017		
	Life RO (Unaudited)	General RO (Unaudited)	Total RO (Unaudited)	Life RO (Audited)	General RO (Audited)	Total RO (Audited)	Life RO (Unaudited)	General RO (Unaudited)	Total RO (Unaudited)
Premium receivable	50,092,575	3,583,144	53,675,719	25,550,164	3,026,646	28,576,810	41,423,883	2,758,360	44,182,243
Reinsurance balances receivable	836,064	746,992	1,583,056	10,058,959	732,437	10,791,396	103,472	366,459	469,931
	<u>50,928,639</u>	<u>4,330,136</u>	<u>55,258,775</u>	<u>35,609,123</u>	<u>3,759,083</u>	<u>39,368,206</u>	<u>41,527,355</u>	<u>3,124,819</u>	<u>44,652,174</u>
Allowance for impaired debts	(696,794)	(238,429)	(935,223)	(697,075)	(206,695)	(903,770)	(546,445)	(149,048)	(695,493)
	<u>50,231,845</u>	<u>4,091,707</u>	<u>54,323,552</u>	<u>34,912,048</u>	<u>3,552,388</u>	<u>38,464,436</u>	<u>40,980,910</u>	<u>2,975,771</u>	<u>43,956,681</u>
Movement in allowance for impaired debts									
At 1 January	697,075	206,695	903,770	537,672	149,052	686,724	537,672	149,052	686,724
Provided during the period / year	(282)	31,735	31,453	199,122	64,085	263,207	30,965	3,589	34,554
Written off during the period / year	-	-	-	(39,719)	(6,442)	(46,161)	(22,192)	(3,593)	(25,785)
At 31 March / 31 December	<u>696,793</u>	<u>238,430</u>	<u>935,223</u>	<u>697,075</u>	<u>206,695</u>	<u>903,770</u>	<u>546,445</u>	<u>149,048</u>	<u>695,493</u>

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8 Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Group has identified to the Capital Market Authority certain specific bank deposits, investments and loans to policyholders included in the statement of financial position at a total value of RO 34,334,464 (31 December 2017 - RO 28,730,476 and 31 March 2017 - RO 32,050,191). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Capital Market Authority.

In accordance with the law governing the operation of insurance companies within the United Arab Emirates, and Kuwait the Group has identified to the Insurance Authority, Abu Dhabi - UAE and The Ministry of Commerce and Industry, Kuwait certain specific fixed deposits included in the statement of financial position at a total value of RO 441,405 (31 December 2017 - RO 441,405 and 31 March 2017 - RO 441,405) and RO 1,274,000 (31 December 2017 - RO 1,274,000 and 31 March 2017 - NIL) respectively. Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the respective authorities.

The Group has provided bank guarantee of RO 50,000 (31 December 2017 - RO 50,000 and 31 March 2017 - RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

The Group has an overdraft facility of RO 1,900,000 with local bank for which the Group has provided negative pledge confirmation over its current assets and an undertaking not to create any encumbrance on its assets to any other lenders.

9 Investment property

Investment property is stated at fair value (level 2), which has been determined based on the valuations performed by Hamptons International at least once in a year. Hamptons International is an industry specialist in valuing these types of investment properties. The property is under lien with Capital Market Authority (CMA).

Movement in value of investment property is set out below:

	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
At 1 January	1,150,000	1,200,000	1,200,000
Fair value change	-	(50,000)	-
At 31 March / 31 December	1,150,000	1,150,000	1,200,000
Valuation Date	31 December 2017	31 December 2017	31 December 2016

10 Share capital

	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
At 31 March / 31 December	<u>26,500,000</u>	<u>26,500,000</u>	<u>26,500,000</u>
Nominal Value per share	RO 0.100	RO 0.100	RO 1.000
Number of shares	265,000,000	265,000,000	26,500,000

Shareholders in their extraordinary general meeting held on 16 July 2017 have decided to split the shares of the Parent Company from nominal value of RO 1 each to RO 0.100 each.

11 Dividends paid

Shareholders in annual general meeting dated 28 March 2018 (2017 - annual general meeting dated 28 March 2017) approved cash dividend of RO 4,202,900 (31 December 2017 – cash dividend of RO 3,055,250) which was subsequently paid.

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12 Claims

Life and general	31 March 2018			31 December 2017			31 March 2017		
	Gross outstanding claims RO (Unaudited)	Reinsurers' share of outstanding claims RO (Unaudited)	Net outstanding claims RO (Unaudited)	Gross outstanding claims RO (Audited)	Reinsurers' share of outstanding claims RO (Audited)	Net outstanding claims RO (Audited)	Gross outstanding claims RO (Unaudited)	Reinsurers' share of outstanding claims RO (Unaudited)	Net outstanding claims RO (Unaudited)
At 1 January									
- Claims incurred	14,922,354	(5,564,331)	9,358,023	12,204,540	(5,366,675)	6,837,865	12,204,540	(5,366,675)	6,837,865
- Incurred but not reported	7,499,581	(3,090,345)	4,409,236	8,375,783	(3,398,595)	4,977,188	8,375,783	(3,398,595)	4,977,188
	<u>22,421,935</u>	<u>(8,654,676)</u>	<u>13,767,259</u>	<u>20,580,323</u>	<u>(8,765,270)</u>	<u>11,815,053</u>	<u>20,580,323</u>	<u>(8,765,270)</u>	<u>11,815,053</u>
Add: Claims provided during the period / year	23,145,408	(9,056,085)	14,089,323	89,943,229	(36,386,033)	53,557,196	21,394,526	(9,313,949)	12,080,577
Less: Claims paid during the period / year	(9,827,546)	3,339,432	(6,488,114)	(88,101,617)	36,496,627	(51,604,990)	(9,625,312)	3,456,302	(6,169,010)
At 31 March / 31 December	<u>35,739,797</u>	<u>(14,371,329)</u>	<u>21,368,468</u>	<u>22,421,935</u>	<u>(8,654,676)</u>	<u>13,767,259</u>	<u>32,349,537</u>	<u>(14,622,917)</u>	<u>17,726,620</u>
Analysis of outstanding claims at 31 March / 31 December									
- Claims incurred	28,462,212	(11,443,896)	17,018,316	14,922,354	(5,564,331)	9,358,023	24,466,698	(11,229,042)	13,237,656
- Incurred but not reported	7,277,585	(2,927,433)	4,350,152	7,499,581	(3,090,345)	4,409,236	7,882,839	(3,393,875)	4,488,964
	<u>35,739,797</u>	<u>(14,371,329)</u>	<u>21,368,468</u>	<u>22,421,935</u>	<u>(8,654,676)</u>	<u>13,767,259</u>	<u>32,349,537</u>	<u>(14,622,917)</u>	<u>17,726,620</u>

Substantially all of the claims are expected to be paid within twelve months of the reporting date. The amounts due from reinsurers are contractually due within three months from the date of submission of accounts to the reinsurer.

The Group estimates its insurance liabilities and reinsurance assets principally based on previous experience. Incurred but not reported (IBNR) estimates for the medical and life business are based on an independent actuary's report. Claims requiring Court or arbitration decisions are estimated individually.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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13 Gross actuarial / mathematical and unexpired risk reserve

	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve - life assurance			
Gross	55,581,393	39,392,479	52,293,576
Reinsurers' share	(21,226,214)	(14,539,777)	(20,184,955)
	34,355,179	24,852,702	32,108,621
Unexpired risk reserve – general insurance			
Gross	6,678,598	6,364,312	4,939,795
Reinsurers' share	(405,457)	(401,101)	(470,227)
	6,273,141	5,963,211	4,469,568
Actuarial / mathematical and unexpired risk reserve – total			
Gross	62,259,991	45,756,791	57,233,371
Reinsurers' share	(21,631,671)	(14,940,878)	(20,655,182)
	40,628,320	30,815,913	36,578,189
<i>Movement during the period / year:</i>			
	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve – life assurance			
At 1 January	24,852,702	25,520,386	25,520,386
Net movement in the statement of comprehensive income	9,502,477	(667,684)	6,588,235
At 31 March / 31 December	34,355,179	24,852,702	32,108,621
Unexpired risk reserve – general insurance			
At 1 January	5,963,211	3,812,030	3,812,030
Net movement in the statement of comprehensive income	309,930	2,151,181	657,538
At 31 March / 31 December	6,273,141	5,963,211	4,469,568
14 Due to reinsurers			
	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
Reinsurance balances payable – life insurance	4,812,591	2,324,287	3,939,858
Reinsurance balances payable – general insurance	557,525	485,199	579,176
	5,370,116	2,809,486	4,519,034
15 Other liabilities			
	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
Accounts payable	1,955,775	14,258,429	1,812,966
Accrued expenses	2,691,466	2,837,495	2,054,677
Other payables	9,005,473	2,362,867	5,167,391
End of service benefits	591,545	555,481	521,818
	14,244,259	20,014,272	9,556,853

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16 Contingent liabilities
(a) Contingencies

At 31 March 2018, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 401,457 (31 December 2017 - RO 337,106 and 31 March 2017 – RO 368,503) given in the normal course of business from which it is anticipated that no material liabilities will arise.

(b) Legal claims

The Group, consistent with the majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of the court cases will have a material impact on its income or financial position.

17 Net assets per share

Net assets per share is calculated by dividing the net assets attributable to equity holders of the Parent Company at the reporting date by the number of shares outstanding at the reporting date as follows:

	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)	31 March 2017 RO (Unaudited)
Net assets (RO)	47,860,470	49,464,576	43,571,576
Number of shares outstanding at 31 March / 31 December	265,000,000	265,000,000	265,000,000
Net assets per share (RO)	0.181	0.187	0.164

*The parent Company has split its shares during third quarter 2017 from RO 1 each to RO 0.100 each due to which the net asset per share is calculated taking number of shares outstanding @ RO 0.100 as at 31 March 2018 and as at 31 December 2017. For comparative periods of 31 March 2017, the number of shares outstanding have been restated @ RO 0.100 each instead of RO 1 each.

18 Investment income – net

	31 March 2018 RO (Unaudited)	31 March 2017 RO (Unaudited)
Interest income on bank deposits and other investments	473,100	525,174
Interest income on bonds, net of amortisation charge	10,337	1,981
Interest income on loans to policy holders	9,710	10,263
Dividend income	374,157	287,965
(Expense) / income from investment property	(3,251)	(757)
Net unrealised (loss) / gain on investments carried at fair value through profit or loss	(75,631)	(64,820)
Net realised gain on investment carried at fair value through profit or loss and investment carried at amortised cost	40,638	(1,622)
	829,060	758,184
Investment acquisition cost and portfolio management fees	(8)	(2,458)
Investment Impairment Adjustment-IFRS 9	(6,541)	-
	822,511	755,726

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19 Income tax

	31 March 2018 RO (Unaudited)	31 March 2017 RO (Unaudited)
Statement of comprehensive income:		
Current tax	509,831	437,466
Deferred tax	(4,762)	(4,451)
	<u>505,069</u>	<u>433,015</u>
	31 March 2018 RO (Unaudited)	31 December 2017 RO (Audited)
Current liability		31 March 2017 RO (Unaudited)
Income tax payable	<u>505,709</u>	<u>1,501,088</u>
Non-current asset		
Deferred tax asset	<u>204,308</u>	<u>190,999</u>

The tax rate applicable to the Parent Company is 15% (31 March 2017 – 15%).

20 Earnings per share – basic and diluted

Earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the three months ended as follows:

	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Profit for the three months ended 31 March 2018 (RO)	<u>3,005,623</u>	<u>2,591,515</u>
Weighted average number of shares outstanding @ RO 0.100 per share	<u>265,000,000</u>	<u>265,000,000</u>
Basic and diluted earnings per share (RO)	<u>0.011</u>	<u>0.010</u>

The parent Company had share split during third quarter 2017 from RO 1 each to RO 0.100 each due to which the earnings per share has been presented at RO 0.100 per share. For comparative period of 31 March 2017, the weighted average number of shares outstanding have been restated @ RO 0.100 each instead of RO 1 each.

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three months ended 31 March 2018

21 Related party transactions

(a) Transactions with related parties of the Parent Company or holders of 10% or more of the Parent Company's shares or their family members included in the statements of comprehensive income and statement of financial position are as follows:

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Top Senior Executives	Key management personnel of major shareholder	Other related parties
31 March 2018 (Unaudited)	RO	RO	RO	RO		RO	RO
Statement of comprehensive income							
Gross premium income	1,227,971	94,078	10,435	1,086,393	100	375	36,590
Claims expense	262,437	13,146	-	163,239	-	-	86,052
Reinsurers' share of claims paid	1,016	-	-	1,016	-	-	-
Interest income on deposits	90,101	-	-	90,101	-	-	-
Rent expenses	40,058	-	-	40,058	-	-	-
Commission expense	136,971	-	-	40,958	-	-	96,013
Other expenses	92,575	-	-	13,711	400	200	78,263
Director sitting fees	6,700	-	6,700	-	-	-	-
Directors' remuneration	43,300	-	43,300	-	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	45,100	-	45,100	-	-	-	-
Claims payable to related parties	277,199	17,955	-	197,476	-	-	61,769
Commission payable	430,468	-	-	15,022	-	-	415,445
Payable to related parties	48,748	(814)	-	11,004	-	-	38,558
Receivable from related parties	510,621	-	-	499,951	10,670	-	-
Bank balances	250,855	-	-	250,855	-	-	-
Fixed deposits balances	5,250,000	-	-	5,250,000	-	-	-
Premium receivable from related parties	1,136,620	94,078	-	908,850	-	-	133,692
Reinsurance balance receivable	65,530	-	-	65,530	-	-	-
Accrued interest receivable	41,839	-	-	41,839	-	-	-

During January to March 2018, subsidiary in India (NSSPL) has charged the parent company service fees of RO 94,868. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 6,494. Carrying value of investment as on 31.03.2018 is RO 173,417 and due to NSSPL as at 31.12.2017 is RO 25,581.

During January to March 2018, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 59,049. The Parent Company has accounted Inayah Share of Profit from subsidiary of RO 2,812. Carrying value of investment as on 31.03.2018 is RO 610,366 and due to Inayah TPA LLC as at 31.03.2018 is RO 230.

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21 Related party transactions (continued)

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Top Senior Executives	Key management personnel of major shareholder	Other related parties
31 March 2017 (Unaudited)	RO	RO	RO	RO		RO	RO
Statement of comprehensive income							
Gross premium income	347,610	80,525	622	222,795	178	500	42,990
Claims expense	141,349	17,324	-	30,999	-	-	93,026
Reinsurers' share of claims paid	5,296	-	-	5,296	-	-	-
Interest income on deposits	61,646	-	-	61,646	-	-	-
Rent expenses	33,011	33,011	-	-	-	-	-
Commission expense	40,255	-	-	40,255	-	-	-
Other expenses	3,100	2,700	-	-	400	-	-
Director sitting fees	7,500	-	7,500	-	-	-	-
Directors' remuneration	53,019	-	53,019	-	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	46,719	-	46,319	-	400	-	-
Claims payable to related parties	157,344	15,992	-	42,851	-	-	98,502
Commission payable	401,635	-	-	140,000	-	-	261,635
Payable to related parties	64,590	64,190	-	-	400	-	-
Receivable from related parties	-	-	-	-	-	-	-
Bank balances	110,657	-	-	110,657	-	-	-
Fixed deposits balances	5,250,000	-	-	5,250,000	-	-	-
Premium receivable from related parties	158,781	-	1,650	55,286	-	-	101,845
Reinsurance balance receivable	32,755	-	-	32,755	-	-	-
Accrued interest receivable	78,682	-	-	78,682	-	-	-

No provision has been required during three months ended 31 March 2018 (31 March 2017 – nil) in respect of amounts due from related parties.

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21 Related party transactions (continued)

(b) Compensation of key management personnel

The remuneration of members of key management during the year (salaries, incentives, fees, allowances and other statutory payments) was as follows:

	31 March 2018	31 March 2017
	RO	RO
	(Unaudited)	(Unaudited)
Short-term benefits	141,654	105,859
Employees' end of service benefits & leave salary accrual	25,998	26,303
	167,652	132,161
Number of key management personnel	8	6

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**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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22 Segmental information
22.1 Primary reporting format - business segments

The Group's operating businesses are organised and managed separately according to the nature of the activities and services provided, with each segment representing a strategic business unit that offers different services.

The following table presents premium and profit information and asset and liability information regarding business segments for the three months ended 31 March 2018 and 31 March 2017.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

31 March 2018 (Unaudited)	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	44,801,356	3,971,815	-	48,773,171
Movement in unearned premiums	(16,188,914)	(314,286)	-	(16,503,200)
Gross premiums earned	28,612,442	3,657,529	-	32,269,971
Insurance premium ceded to reinsurers	(19,001,167)	(277,623)	-	(19,278,790)
Movement in unearned premiums	6,686,437	4,356	-	6,690,793
Premium ceded to reinsurers, earned	(12,314,730)	(273,267)	-	(12,587,997)
Net premiums	16,297,712	3,384,262	-	19,681,974
Claims	(21,209,819)	(1,935,589)	-	(23,145,408)
Reinsurers' share of claims	9,123,476	(67,391)	-	9,056,085
Net claims	(12,086,343)	(2,002,980)	-	(14,089,323)
Income from policy fees	566,831	(8,291)	-	558,540
Commission income on premium ceded to reinsurers	3,290,888	51,474	-	3,342,362
Commission expense	(3,454,762)	(350,496)	-	(3,805,258)
Net underwriting results	4,614,326	1,073,969		5,688,295
Investment income – net	693,645	138,172	(9,306)	822,511
Other operating income	(653)	(1,528)	-	(2,181)
Third party administration fees	(673,889)	-	-	(673,889)
General and administrative expenses	(1,696,114)	(626,022)	-	(2,322,136)
Finance cost	(1,908)	-	-	(1,908)
Income tax	(421,704)	(83,365)	-	(505,069)
Profit for the period	2,513,703	501,226	(9,306)	3,005,623

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**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three months ended 31 March 2018**
22 Segmental information (continued)
22.1 Primary reporting format - business segments (continued)

	Life and medical RO	General RO	Adjustments and eliminations RO	Total RO
31 March 2017 (unaudited)				
Gross premium written	36,004,381	3,200,507	-	39,204,888
Movement in unearned premiums	(9,364,272)	(616,781)	-	(9,981,053)
Gross premiums earned	<u>26,640,109</u>	<u>2,583,726</u>	<u>-</u>	<u>29,223,835</u>
Insurance premium ceded to reinsurers	(14,980,496)	(264,074)	-	(15,244,570)
Movement in unearned premiums	2,776,038	(40,757)	-	2,735,281
Premium ceded to reinsurers, earned	<u>(12,204,458)</u>	<u>(304,831)</u>	<u>-</u>	<u>(12,509,289)</u>
Net premiums	<u>14,435,651</u>	<u>2,278,895</u>	<u>-</u>	<u>16,714,546</u>
Claims	(19,657,548)	(1,736,978)	-	(21,394,526)
Reinsurers' share of claims	8,932,788	381,162	-	9,313,950
Net claims	<u>(10,724,760)</u>	<u>(1,355,816)</u>	<u>-</u>	<u>(12,080,576)</u>
Income from policy fees	383,456	60,111	-	443,567
Commission income on premium ceded to reinsurers	2,718,321	55,743	-	2,774,064
Commission expense	<u>(2,871,637)</u>	<u>(318,126)</u>	<u>-</u>	<u>(3,189,763)</u>
Net underwriting results	3,941,031	720,807	-	4,661,838
Investment income – net	627,623	149,921	(21,818)	755,726
Other operating income	29,841	1,800	-	31,641
Third party administration fees	(682,168)	-	-	(682,168)
General and administrative expenses	(1,254,311)	(452,354)	-	(1,706,665)
Finance cost	(35,842)	-	-	(35,842)
Income tax	<u>(372,860)</u>	<u>(60,155)</u>	<u>-</u>	<u>(433,015)</u>
Profit for the period	<u>2,253,314</u>	<u>360,019</u>	<u>(21,818)</u>	<u>2,591,515</u>
	Life and Medical RO	General RO	Adjustments and eliminations	Total RO
31 March 2018 (Unaudited)				
Segment assets	<u>143,796,202</u>	<u>23,636,639</u>	<u>(602,499)</u>	<u>166,830,342</u>
Segment liabilities	<u>95,738,334</u>	<u>23,240,594</u>	<u>(9,056)</u>	<u>118,969,872</u>
31 December 2017 (Audited)				
Segment assets	119,866,495	22,734,331	(632,678)	141,968,148
Segment liabilities	69,806,548	22,744,788	(47,763)	92,503,573
31 March 2017 (unaudited)				
Segment assets	132,629,341	20,069,227	(203,247)	152,495,321
Segment liabilities	88,671,721	20,303,213	(51,189)	108,923,745

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three months ended 31 March 2018**
22 Segmental information (continued)
22.2 Primary reporting format - geographic segments
Geographic Information

The Group has operations in three geographic locations in Middle East - Oman, UAE and Kuwait. The businesses are organised and managed separately, with each segment representing a strategic business unit.

The following table presents premium and profit information and asset and liability information regarding business segments for the three months ended 31 March 2018 and 31 March 2017.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

	Oman RO	UAE RO	Kuwait RO	Adjustments and eliminations RO	Total RO
31 March 2018 (Unaudited)					
Gross premium written	17,765,186	30,859,784	148,201	-	48,773,171
Movement in unearned premiums	(4,973,604)	(11,420,314)	(109,282)	-	(16,503,200)
Gross premiums earned	12,791,582	19,439,470	38,919	-	32,269,971
Insurance premium ceded to reinsurers	(6,599,575)	(12,632,150)	(47,065)	-	(19,278,790)
Movement in unearned premiums	2,164,766	4,495,387	30,640	-	6,690,793
Premium ceded to reinsurers, earned	(4,434,809)	(8,136,763)	(16,425)	-	(12,587,997)
Net premiums	8,356,773	11,302,707	22,494	-	19,681,974
Claims	(8,044,893)	(15,084,067)	(16,448)	-	(23,145,408)
Reinsurers' share of claims	2,941,985	6,108,098	6,002	-	9,056,085
Net claims	(5,102,908)	(8,975,969)	(10,446)	-	(14,089,323)
Income from policy fees	144,220	407,617	6,703	-	558,540
Commission income on premium ceded to reinsurers	867,377	2,474,479	506	-	3,342,362
Commission expense	(990,722)	(2,799,585)	(14,951)	-	(3,805,258)
Net underwriting results	3,274,740	2,409,249	4,306	-	5,688,295
Investment income – net	534,302	285,835	11,680	(9,306)	822,511
Other operating (loss) / income	(609)	(329)	(1,243)	-	(2,181)
Third party administration fees General and administrative expenses	82,683	(753,466)	(3,106)	-	(673,889)
	(1,521,735)	(705,916)	(94,485)	-	(2,322,136)
Finance cost	(1,908)	-	-	-	(1,908)
Income tax	(505,069)	-	-	-	(505,069)
Profit for the year	1,862,404	1,235,373	(82,848)	(9,306)	3,005,623

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22 Segmental information (continued)
22.2 Primary reporting format - geographic segments (continued)
Geographic Information (continued)

	Oman RO	UAE RO	Kuwait RO	Adjustments and eliminations RO	Total RO
31 March 2017 (unaudited)					
Gross premium written	14,343,680	24,861,208		-	39,204,888
Movement in unearned premiums	(2,807,603)	(7,173,450)		-	(9,981,053)
Gross premiums earned	11,536,077	17,687,758		-	29,223,835
Insurance premium ceded to reinsurers	(5,559,920)	(9,684,650)		-	(15,244,570)
Movement in unearned premiums	1,429,052	1,306,229		-	2,735,281
Premium ceded to reinsurers, earned	(4,130,868)	(8,378,421)		-	(12,509,289)
Net premiums	7,405,209	9,309,337		-	16,714,546
Claims	(8,297,424)	(13,097,102)		-	(21,394,526)
Reinsurers' share of claims	3,399,272	5,914,678		-	9,313,950
Net claims	(4,898,152)	(7,182,424)		-	(12,080,576)
Income from policy fees	206,451	237,116		-	443,567
Commission income on premium ceded to reinsurers	837,414	1,936,650		-	2,774,064
Commission expense	(879,309)	(2,310,454)		-	(3,189,763)
Net underwriting results	2,671,613	1,990,225		-	4,661,838
Investment income - net	637,496	140,048		(21,818)	755,726
Other operating income	6,465	25,176		-	31,641
Third party administration fees	72	(682,240)		-	(682,168)
General and administrative expenses	(1,212,322)	(494,343)		-	(1,706,665)
Finance cost	(28,219)	(7,623)		-	(35,842)
Income tax	(433,015)	-		-	(433,015)
Profit / (loss) for the period	1,642,090	971,243		(21,818)	2,591,515

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22 Segmental information (continued)
22.2 Primary reporting format - geographic segments (continued)
Geographic Information (continued)

	Oman RO	UAE RO	Kuwait	Adjustments and eliminations RO	Total RO
31 March 2018 (Unaudited)					
Segment assets	86,508,529	79,268,812	1,655,500	(602,499)	166,830,342
Segment liabilities	58,609,884	60,183,795	185,249	(9,056)	118,969,872
31 December 2017(Audited)					
Segment assets	79,116,278	62,032,448	1,452,100	(632,678)	141,968,148
Segment liabilities	48,493,108	44,034,558	23,670	(47,763)	92,503,573
31 March 2017 (Unaudited)					
Segment assets	83,555,442	69,143,126	-	(203,247)	152,495,321
Segment liabilities	56,169,649	52,805,285	-	(51,189)	108,923,745

23 Risk management

The Group's activities expose it to a variety of risks: capital management risk, credit risk, reinsurance risk, liquidity risk, financial risks, market risk (includes currency risk interest rate risk and equity price risk), and insurance risks (includes frequency and severity of claims, sources of uncertainty in the estimation of future benefit payments and premium receipts, process used to decide on assumptions and change in assumptions). The interim condensed financial statements do not include all information and disclosures required relating to risk management and should be read in conjunction with the annual financial statements as at 31 December 2017. There have been no material changes in the risk management policies since year ended 31 December 2017.

24 Fair values

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as of the reporting date.

There were no level 3 financial instruments measured at fair value.

31 March 2018 (Unaudited)	Level 1	Level 2	Total
Investments	<u>14,654,517</u>	<u>138,260</u>	<u>14,792,778</u>
31 December 2017 (Audited)	Level 1	Level 2	Total
Investments	<u>15,302,906</u>	<u>198,726</u>	<u>15,501,632</u>
31 March 2017 (unaudited)	Level 1	Level 2	Total
Investments	<u>11,126,330</u>	<u>374,997</u>	<u>11,501,327</u>

There were no transfers between any levels mentioned above.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three months ended 31 March 2018****25 Prior year adjustments**

During the three months ended 31 March 2017, an amount of RO 2,542,320 has been reclassified from subordinated deposits to investments carried at fair value through other comprehensive income considering the nature of the investment. Certain other insignificant corresponding information has also been reclassified to conform to the presentation adopted in these financial statements. Such reclassifications have not resulted in change in last year's reported profit and equity.