

Directors' Report

For nine months ended 30 September 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 nine months period ended 30 September 2018.

At the outset, we would like to congratulate the Company and its CEO, Mr. S. Venkatachalam for winning the 'Best Performing Company in Large Cap Segment in Oman' and the 'Best CEO of the Year in Oman' awards respectively at the prestigious AIWA (Alam al-Iktisaad Wal A'mal) awards for the year 2017 which was held on 10 September, 2018.

Performance Highlights

Insurance Operations and Net Underwriting Results:

It gives us great pleasure to report that the Company has crossed the RO 100 million mark in achievement of Gross Written Premium (GWP) during third quarter of 2018. GWP has grown by 21% to RO 109 million as compared to RO 90 million in the corresponding period of the previous year. The Net Underwriting Result (NUR) is RO 15.3 million which is 13% higher than RO 13.6 million in the corresponding period of the previous year. The key contributors to the growth in GWP and NUR are the Group Medical business followed by Motor business during the nine months ended 30 September 2018.

Amounts in OR'000	Jan-Sep 2017	Jan-Sep 2018	Variance
Gross premium	90,482	109,473	21%
Net Underwriting Result	13,612	15,342	13%
Investment Income	1,950	2,038	5%
Profit after Tax	7,144	7,468	5%

Investments:

Investment Income has increased by 5% to RO 2 million as compared to RO 1.95 million in the corresponding period of the previous year. The investment income for the quarter ended Sep-2018 is RO 0.55 million which is driven mainly by the fixed income from deposits.

Net Profit After Tax (NPAT):

The Company has achieved growth in all its operating parameters and has delivered a strong performance in terms of Net Profit after Tax. The NPAT at RO 7.5 million is 5% higher than the NPAT of RO 7.1 million in the corresponding period of the previous year.

Significant Achievements:

The Company aims to bring best services to its customers. Towards this, in the third quarter of 2018, the company has signed agreement with SEHA (Abu Dhabi Health Services Company), which owns and operates all public hospitals and clinics across Abu Dhabi for empanelment of their facility in NLGIC network, effective from 01st Oct 2018. This will provide a wider choice of healthcare providers to our customers in Abu Dhabi.

Kuwait branch which started operations in first quarter of 2018, has achieved Gross written premiums of RO 1.3 million during the nine months ended 30th September 2018.

Risk & Internal Control Review

The Board attaches significant importance to risk management and robust internal control environment. The company has appropriate systems of internal controls and the Board along with the Audit and Controls Committee periodically reviews its effectiveness. The Company has Board approved risk policies for identification, measurement, monitoring and controls relating to various individual risks namely strategic, regulatory, financial, operational, information technology, hazard and disaster risks.

Future Outlook


Capital Market Authority, Oman has announced plans to introduce mandatory medical insurance which is expected to boost the overall premiums for medical insurance market in the Oman. The Company aims to maintain its leadership position in Oman and increase its market share in UAE, along with sustained profitability and 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.

We also take this opportunity to extend our sincere congratulations to His Majesty Sultan Qaboos Bin Said and the Omani people on the occasion of the 48th National Day.


Khalid Muhammad AlZubair
Chairman

**NATIONAL LIFE AND GENERAL INSURANCE
COMPANY SAOG AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

Principal place of business:

Building No: 115, Plot No: 133
Block No: 146, Way No: 4202
Greater Muttrah, Muscat
Sultanate of Oman.

Registered address:

P.O. Box 798
Postal Code 117
Wadi Kabir
Sultanate of Oman

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

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NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Notes	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
ASSETS				
Cash and cash equivalents	4	5,076,009	8,119,632	11,828,610
Bank deposits	5	46,377,726	49,698,915	43,715,359
Premiums and insurance balance receivables	7	46,623,270	38,464,436	38,586,492
Reinsurers' share of outstanding claims	12	14,020,390	8,654,676	12,553,557
Reinsurers' share of actuarial / mathematical and unexpired risk reserve	13	21,945,515	14,940,878	17,069,050
Other receivables and prepayments		5,858,444	3,196,049	3,439,062
Investments at fair value through profit or loss	6(a)	1,989,555	2,571,628	2,557,466
Investments carried at amortised cost	6(b)	7,363	18,662	18,662
Investments carried at fair value through other comprehensive income	6(c)	15,321,816	12,930,004	10,081,799
Investment in an associate	6(d)	-	-	226,483
Loans to policyholders		240,879	259,224	342,120
Investment property	9	1,150,000	1,150,000	1,150,000
Property and equipment		4,480,505	1,436,215	1,360,245
Deferred tax asset	19	256,713	190,999	161,434
Goodwill		336,830	336,830	146,490
Total assets		163,685,015	141,968,148	143,236,830
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	10	26,500,000	26,500,000	26,500,000
Legal reserve		5,557,235	4,810,390	4,684,477
Contingency reserve		9,031,209	7,733,953	7,421,579
Revaluation reserve		447,420	447,420	447,420
Fair value reserve		(866,957)	(833,162)	(688,312)
Foreign exchange fluctuation reserve		(9,514)	9,532	(4,264)
Retained earnings		11,717,893	10,796,443	9,975,603
Total equity		52,377,286	49,464,576	48,336,503
LIABILITIES				
Gross outstanding claims	12	35,329,466	22,421,935	29,370,293
Gross actuarial / mathematical and unexpired risk reserve	13	61,040,673	45,756,791	50,890,977
Due to reinsurers	14	4,307,404	2,809,486	2,530,929
Other liabilities	15	9,302,016	20,014,272	9,824,565
Short term loan and overdraft from banks		-	-	1,000,000
Income tax payable	19	1,328,170	1,501,088	1,283,563
Total liabilities		111,307,729	92,503,572	94,900,327
Total equity and liabilities		163,685,015	141,968,148	143,236,830
Net assets per share	17	0.198	0.187	0.182

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 29 October 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 nine months ended 30 September 2018

	Notes	30 September 2018 RO (Unaudited)	30 September 2017 RO (Unaudited)
Gross written premium		<u>109,472,522</u>	<u>90,481,650</u>
Gross premium, earned		94,188,639	86,842,990
Premium ceded to reinsurers, earned		<u>(36,110,692)</u>	<u>(34,924,697)</u>
Net insurance premium revenue		58,077,947	51,918,293
Commission income on premium ceded to reinsurers		7,668,449	6,078,245
Income from policy fees		1,257,841	1,126,044
Gross claims expense		<u>(73,063,308)</u>	<u>(64,888,781)</u>
Reinsurers' share of claims		29,704,641	26,555,887
Commission expense		<u>(8,303,662)</u>	<u>(7,177,945)</u>
Net underwriting result		15,341,908	13,611,743
Investment income – net	18	2,038,367	1,949,740
Other operating expense / income		<u>(20,562)</u>	19,666
Third party administration fees		<u>(1,468,854)</u>	<u>(1,351,876)</u>
General and administrative expenses		<u>(7,096,588)</u>	<u>(5,772,521)</u>
Finance cost		<u>(18,102)</u>	<u>(75,262)</u>
Profit before income tax		8,776,169	8,381,490
Income tax	19	<u>(1,307,717)</u>	<u>(1,237,100)</u>
Profit for the period		<u>7,468,452</u>	<u>7,144,390</u>
Other comprehensive expense			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(19,046)	(4,264)
Change in value of debt investments carried at fair value through other comprehensive income		(66,297)	175,480
Investment Impairment Adjustment-IFRS 9		(66,906)	-
Items that will not be reclassified to profit or loss:			
Change in value of investments carried at fair value through other comprehensive income		<u>135,354</u>	<u>(301,835)</u>
Other comprehensive expense for the period		<u>(16,895)</u>	<u>(130,619)</u>
Total comprehensive income for the period		<u>7,451,557</u>	<u>7,013,771</u>
Earnings per share - basic and diluted	20	<u>0.028</u>	<u>0.027</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 CHANGES IN EQUITY
For the nine months ended 30 September 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	-	-	-	-	-	-	7,144,390	7,144,390
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	(126,355)	-	-	(126,355)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(4,264)	-	(4,264)
Total comprehensive income for the period	-	-	-	-	(126,355)	(4,264)	7,144,390	7,013,771
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	5,939	-	(5,939)	-
Dividends declared (Note 11)	-	-	-	-	-	-	(3,055,250)	(3,055,250)
Transfer to legal reserve	-	714,439	-	-	-	-	(714,439)	-
Transfer to contingency reserve	-	-	1,054,812	-	-	-	(1,054,812)	-
At 30 September 2017 (Unaudited)	<u>26,500,000</u>	<u>4,684,477</u>	<u>7,421,579</u>	<u>447,420</u>	<u>(688,312)</u>	<u>(4,264)</u>	<u>9,975,603</u>	<u>48,336,503</u>
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	-	-	-	-	-	-	7,468,452	7,468,452
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	2,151	-	-	2,151
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(19,046)	-	(19,046)
Total comprehensive income for the period	-	-	-	-	2,151	(19,046)	7,468,452	7,451,557
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	(1,154)	-	1,154	-
Dividends declared (Note 11)	-	-	-	-	-	-	(4,202,900)	(4,202,900)
Transfer to legal reserve	-	746,845	-	-	-	-	(746,845)	-
Transfer to contingency reserve	-	-	1,297,256	-	-	-	(1,297,256)	-
At 30 September 2018 (unaudited)	<u>26,500,000</u>	<u>5,557,235</u>	<u>9,031,209</u>	<u>447,420</u>	<u>(866,957)</u>	<u>(9,514)</u>	<u>11,717,893</u>	<u>52,377,286</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 CASH FLOWS
For the nine months ended 30 September 2018

	Notes	30 September 2018 RO (Unaudited)	30 September 2017 RO (Unaudited)
Operating activities			
Profit before taxation		8,776,169	8,381,490
Adjustments for:			
Net (loss) / gain on investments at fair value through profit or loss		91,565	64,656
Amortisation of investments carried at amortised cost	6(b)	-	377
Share of results of investment in an associate		-	4,865
Allowance for impairment		158,746	277,777
Change in fair value of an investment property		-	50,000
Accrual for end on service benefits		107,233	95,039
Interest income	18	(1,618,871)	(1,721,333)
Finance cost		18,102	75,262
Dividend income	18	(471,992)	(358,102)
Expense from investment property	18	16,295	4,924
Depreciation		444,532	354,025
Profit on disposal of property and equipment		(2,644)	(632)
		<u>7,519,135</u>	<u>7,228,347</u>
Changes in working capital:			
Premium and insurance balances receivable		(8,383,647)	(4,257,247)
Other receivables and prepayments		(2,156,931)	(301,066)
Reinsurers' share of outstanding claims		(5,365,714)	(3,788,287)
Reinsurers' share of actuarial / mathematical and unexpired risk reserve		(7,004,637)	850,851
Gross outstanding claims		12,907,531	8,789,970
Actuarial / mathematical and unexpired risk reserve		15,283,882	3,638,660
Due to reinsurers		1,497,918	1,038,834
Other liabilities		(10,797,575)	(7,321,175)
		<u>3,499,962</u>	<u>5,878,888</u>
End of service benefits paid		(25,623)	(43,329)
Income tax paid		(1,516,085)	(550,755)
Net cash (used in) / from operating activities		<u>1,958,254</u>	<u>5,284,804</u>
Investing activities			
Placement in bank deposits (net)		3,086,102	(307,500)
Purchase of property and equipment		(3,490,258)	(321,506)
Purchase of investment securities		(3,659,781)	(5,811,891)
Investment in an associate		-	(231,347)
Proceeds from disposal of investment securities		1,706,871	874,629
Proceeds from disposal of property and equipment		4,080	659
Interest received		1,121,715	1,413,686
Dividends received		467,392	297,536
Expense on investment property	18	(16,295)	(4,924)
Net movement in loans to policyholders		18,345	59,076
Net cash used in investing activities		<u>(761,829)</u>	<u>(4,031,582)</u>
Financing activities			
Finance cost paid		(18,102)	(75,262)
Dividend paid		(4,202,900)	(3,055,250)
Short term loans		-	(2,900,000)
Net cash (used in) / from financing activities		<u>(4,221,002)</u>	<u>(6,030,512)</u>
Net changes in cash and cash equivalents			
Currency translation adjustment		(19,046)	(4,264)
Cash and cash equivalents at the beginning of the period	4	<u>8,119,632</u>	<u>16,610,164</u>
Cash and cash equivalents at the end of the period	4	<u>5,076,009</u>	<u>11,828,610</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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the nine months ended 30 September 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 nine month period ended 30 September 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 30 September 2017, are for the nine month period then ended and 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 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 nine months ended 30 September 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 1 January 2018 have been modified to incorporate this impact of impairment due to implementation of IFRS 9 as at 1 January 2018. The impact for the nine months ended 30 September 2018 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 nine months ended 30 September 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 nine months ended 30 September 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

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
Deposits with banks for less than 90 days	-	2,592,840	7,809,402
Balances with banks	5,061,304	5,518,565	4,009,126
Cash in hand	14,705	8,227	10,082
Cash and cash equivalents	<u>5,076,009</u>	<u>8,119,632</u>	<u>11,828,610</u>

5 Bank deposits

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
Deposits (i)	41,612,813	44,698,915	37,715,359
Subordinated deposits (ii)	5,000,000	5,000,000	6,000,000
Investment Impairment Adjustment-IFRS 9	(235,087)	-	-
	<u>46,377,726</u>	<u>49,698,915</u>	<u>43,715,359</u>

6 Investment securities

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
Investments at fair value through profit or loss	6(a) 1,989,555	2,571,628	2,557,466
Investments carried at amortised cost	6(b) 7,363	18,662	18,662
Investment carried at fair value through other comprehensive income	6(c) 15,321,816	12,930,004	10,081,799
	<u>17,318,734</u>	<u>15,520,294</u>	<u>12,657,928</u>

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

	30 September 2018		31 December 2017		30 September 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	854,915	958,934	1,263,956	1,245,644	1,261,749	1,292,343
Services	1,134,640	1,118,018	1,307,672	1,118,018	1,295,717	1,118,018
	<u>1,989,555</u>	<u>2,076,952</u>	<u>2,571,628</u>	<u>2,363,662</u>	<u>2,557,466</u>	<u>2,410,361</u>

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

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
At 1 January	2,571,628	2,740,264	2,740,264
Additions during the period / year	1,101,431	77,521	77,521
Disposals during the period / year at cost	(1,591,939)	(194,808)	(194,809)
Realised gain on disposal (note 18)	56,747	12,936	12,936
Fair value changes (note 18)	(148,312)	(64,285)	(78,446)
At 30 September / 31 December	<u>1,989,555</u>	<u>2,571,628</u>	<u>2,557,466</u>

6 (b) Investments carried at amortised cost

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
Bonds - over one year from the date of inception	7,363	18,662	18,662
Annual interest rates	4%	4%	4%

(i) Movement in investments carried at amortised cost:

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
At 1 January	18,662	500,935	500,935
Matured during the period / year	(11,299)	(482,750)	(482,750)
Amortisation during the period / year	-	(377)	(377)
Realised gain on maturity (note 18)	-	854	854
At 30 September / 31 December	<u>7,363</u>	<u>18,662</u>	<u>18,662</u>

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6 Investment securities (continued)
6 (c) Investments carried at fair value through other comprehensive income

	30 September 2018		31 December 2017		30 September 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	<u>7,417,478</u>	<u>7,258,467</u>	<u>4,629,663</u>	<u>4,700,117</u>	<u>1,593,138</u>	<u>1,678,815</u>
	7,417,478	7,258,467	4,690,128	4,750,117	1,643,138	1,728,815
Foreign						
Unquoted	<u>133,697</u>	<u>901,968</u>	<u>138,260</u>	<u>917,650</u>	<u>138,260</u>	<u>917,650</u>
Quoted	<u>7,872,339</u>	<u>8,229,990</u>	<u>8,101,616</u>	<u>8,229,990</u>	<u>8,300,401</u>	<u>8,229,990</u>
	8,006,036	9,131,958	8,239,876	9,147,640	8,438,661	9,147,640
Investment Impairment Adjustment-IFRS 9	<u>(101,698)</u>	-	-	-	-	-
	15,321,816	16,390,425	12,930,004	13,897,757	10,081,799	10,876,455

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

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
At 1 January	12,930,004	4,681,840	4,681,840
Transition adjustment on adoption of IFRS-9	<u>(34,792)</u>	-	-
At 1 January (Adjusted)	12,895,212	4,681,840	4,681,840
Additions during the period / year	2,558,350	8,755,671	5,734,370
Disposals during the period / year	(103,633)	(197,071)	(197,070)
Realised gain on disposal	1,806	9,355	9,355
Fair value change	36,987	(319,791)	(146,696)
Movement in Investment Impairment Adjustment-IFRS 9	<u>(66,906)</u>	-	-
At 30 September / 31 December	15,321,816	12,930,004	10,081,799

6 (d) Investment in subsidiaries

	30 September 2018		31 December 2017		30 September 2017		
Country	Holding %	Carrying value RO	Holding %	Carrying value RO	Holding %	Carrying value RO	
NLGIC support services Pvt. Ltd. (NSSPL)	India	100.00	176,295	100.00	167,701	100.00	151,665
Inayah TPA LLC	UAE	100.00	616,714	100.00	607,554	-	-
		793,009		775,255		151,665	

6 (d) Investment in an associate

During September 2017, the Company acquired 49% of Inayah TPA LLC, an enterprise established in United Arab Emirates. Investment of RO 231,348 was made in the associate and share of loss during the period amounted to RO 4,865 resulting in carrying value of RO 226,483 as at 30 September 2017.

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7 Premiums and insurance balance receivables

	30 September 2018			31 December 2017			30 September 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	40,396,903	3,584,969	43,981,872	25,550,164	3,026,646	28,576,810	32,932,739	2,753,499	35,686,238
Reinsurance balances receivable	3,641,016	128,965	3,769,981	10,058,959	732,437	10,791,396	3,532,424	306,546	3,838,970
	44,037,919	3,713,934	47,751,853	35,609,123	3,759,083	39,368,206	36,465,163	3,060,045	39,525,208
Allowance for impaired debts	(754,292)	(374,291)	(1,128,583)	(697,075)	(206,695)	(903,770)	(769,275)	(169,441)	(938,716)
	43,283,627	3,339,643	46,623,270	34,912,048	3,552,388	38,464,436	35,695,888	2,890,604	38,586,492
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	57,217	167,597	224,814	199,122	64,085	263,207	253,795	23,982	277,777
Written off during the period / year	-	-	-	(39,719)	(6,442)	(46,161)	(22,192)	(3,593)	(25,785)
At 30 September / 31 December	754,292	374,292	1,128,584	697,075	206,695	903,770	769,275	169,441	938,716

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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 31,421,725 (31 December 2017 - RO 28,730,476 and 30 September 2017 - RO 31,994,017). 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 444,971 (31 December 2017 - RO 441,405 and 30 September 2017 - RO 441,405) and RO 1,274,000 (31 December 2017 - RO 1,274,000 and 30 September 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 30 September 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.

Movement in value of investment property is set out below:

	30 September 2018	31 December 2017	30 September 2017
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
At 1 January	1,150,000	1,200,000	1,200,000
Fair value change	-	(50,000)	(50,000)
At 30 September / 31 December	1,150,000	1,150,000	1,150,000
Valuation Date	31 December 2017	31 December 2017	30 June 2017

10 Share capital

	30 September 2018	31 December 2017	30 September 2017
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
At 30 September / 31 December	26,500,000	26,500,000	26,500,000
Nominal Value per share	RO 0.100	RO 0.100	RO 0.100
Number of shares	265,000,000	265,000,000	265,000,000

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	30 September 2018			31 December 2017			30 September 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	73,063,308	(29,704,641)	43,358,667	89,943,229	(36,386,033)	53,557,196	64,888,781	(26,555,888)	38,332,893
Less: Claims paid during the period / year	(60,155,777)	24,338,927	(35,816,850)	(88,101,617)	36,496,627	(51,604,990)	(56,098,811)	22,767,601	(33,331,210)
At 30 September / 31 December	<u>35,329,466</u>	<u>(14,020,390)</u>	<u>21,309,076</u>	<u>22,421,935</u>	<u>(8,654,676)</u>	<u>13,767,259</u>	<u>29,370,293</u>	<u>(12,553,557)</u>	<u>16,816,736</u>
Analysis of outstanding claims at 30 September / 31 December									
- Claims incurred	27,778,708	(11,000,503)	16,778,205	14,922,354	(5,564,331)	9,358,023	22,686,112	(9,755,770)	12,930,342
- Incurred but not reported	7,550,758	(3,019,887)	4,530,871	7,499,581	(3,090,345)	4,409,236	6,684,181	(2,797,787)	3,886,394
	<u>35,329,466</u>	<u>(14,020,390)</u>	<u>21,309,076</u>	<u>22,421,935</u>	<u>(8,654,676)</u>	<u>13,767,259</u>	<u>29,370,293</u>	<u>(12,553,557)</u>	<u>16,816,736</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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13 Gross actuarial / mathematical and unexpired risk reserve

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve - life assurance			
Gross	53,562,961	39,392,479	44,958,489
Reinsurers' share	(21,491,038)	(14,539,777)	(16,657,406)
	<u>32,071,923</u>	<u>24,852,702</u>	<u>28,301,083</u>
Unexpired risk reserve – general insurance			
Gross	7,477,712	6,364,312	5,932,488
Reinsurers' share	(454,477)	(401,101)	(411,644)
	<u>7,023,235</u>	<u>5,963,211</u>	<u>5,520,844</u>
Actuarial / mathematical and unexpired risk reserve – total			
Gross	61,040,673	45,756,791	50,890,977
Reinsurers' share	(21,945,515)	(14,940,878)	(17,069,050)
	<u>39,095,158</u>	<u>30,815,913</u>	<u>33,821,927</u>

Movement during the period / year:

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 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	7,219,221	(667,684)	2,780,697
At 30 September / 31 December	<u>32,071,923</u>	<u>24,852,702</u>	<u>28,301,083</u>
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	1,060,024	2,151,181	1,708,814
At 30 September / 31 December	<u>7,023,235</u>	<u>5,963,211</u>	<u>5,520,844</u>

14 Due to reinsurers

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
Reinsurance balances payable – life insurance	3,656,020	2,324,287	2,025,832
Reinsurance balances payable – general insurance	651,384	485,199	505,097
	<u>4,307,404</u>	<u>2,809,486</u>	<u>2,530,929</u>

15 Other liabilities

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
Accounts payable	1,856,152	14,258,429	4,182,612
Accrued expenses	3,099,497	2,837,495	2,685,480
Other payables	3,703,534	2,362,867	2,425,979
End of service benefits	642,833	555,481	530,494
	<u>9,302,016</u>	<u>20,014,272</u>	<u>9,824,565</u>

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16 Contingent liabilities

(a) Contingencies

At 30 September 2018, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 479,339 (31 December 2017 - RO 337,106 and 30 September 2017 – RO 313,955) 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:

	30 September 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 September 2017 RO (Unaudited)
Net assets (RO)	52,377,286	49,464,576	48,336,503
Number of shares outstanding at 30 September / 31 December	265,000,000	265,000,000	265,000,000
Net assets per share (RO)	0.198	0.187	0.182

18 Investment income – net

	30 September 2018 RO (Unaudited)	30 September 2017 RO (Unaudited)
Interest income on bank deposits and other investments	1,404,482	1,580,966
Interest income on bonds, net of amortisation charge	197,385	112,052
Interest income on loans to policy holders	17,004	28,315
Dividend income	471,992	358,102
Expense from investment property	(16,295)	(4,924)
Change in fair value of investment property	-	(50,000)
Share of results of investment in associate	-	(4,865)
Net unrealised (loss) / gain on investments carried at fair value through profit or loss	(148,312)	(78,446)
Net realised gain on investment carried at fair value through profit or loss and investment carried at amortised cost	56,747	13,790
	1,983,003	1,954,990
Investment acquisition cost	(10,704)	(5,250)
Investment Impairment Adjustment-IFRS 9	66,068	-
	2,038,367	1,949,740

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19 Income tax

	30 September 2018 RO (Unaudited)	30 September 2017 RO (Unaudited)
Statement of comprehensive income:		
Current tax		
- For the year	1,343,167	1,279,644
Deferred tax	(35,450)	(42,544)
	<u>1,307,717</u>	<u>1,237,100</u>
	30 September 2018 RO (Unaudited)	30 September 2017 RO (Unaudited)
Current liability		
Income tax payable	<u>1,328,170</u>	<u>1,501,088</u>
		<u>1,283,563</u>
Non-current asset		
Deferred tax asset	<u>256,713</u>	<u>190,999</u>
		<u>161,434</u>

The tax rate applicable to the Parent Company is 15% (30 September 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 nine months ended as follows:

	30 September 2018 (Unaudited)	30 September 2017 (Unaudited)
Profit for the nine months ended (RO)	<u>7,468,452</u>	<u>7,144,390</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>0.028</u>	<u>0.027</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 30 September 2017, the weighted average number of shares outstanding have been considered for arriving the earning per share.

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.

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21 Related party transactions (continued)

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Top Senior Executives	Key managemen t personnel of major shareholder	Other related parties
30 September 2017 (Unaudited)	RO	RO	RO	RO	RO	RO	RO
Statement of comprehensive income							
Gross premium income	3,855,054	107,526	1,918	3,448,396	100	500	296,614
Claims expense	1,911,200	39,475	-	1,695,075	-	-	176,650
Reinsurers' share of claims paid	28,615	-	-	28,615	-	-	-
Interest income on deposits	153,590	-	-	153,590	-	-	-
Rent expenses	99,034	99,034	-	-	-	-	-
Commission expense	262,571	-	-	96,124	-	-	166,447
Other expenses	177,034	9,500	-	21,111	1,000	600	144,823
Director sitting fees	11,300	-	11,300	-	-	-	-
Directors' remuneration	188,700	-	188,700	-	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	188,700	-	188,700	-	-	-	-
Claims payable to related parties	608,326	14,746	-	557,941	-	-	35,639
Commission payable	251,297	-	-	8,333	-	-	242,964
Payable to related parties	39,065	-	-	-	-	-	39,065
Receivable from related parties	81,402	79,681	-	-	1,721	-	-
Bank balances	22,259	-	-	22,259	-	-	-
Fixed deposits balances	5,250,000	-	-	5,250,000	-	-	-
Premium receivable from related parties	1,155,589	-	2,197	993,773	-	-	159,619
Reinsurance balance receivable	56,911	-	-	56,911	-	-	-
Accrued interest receivable	139,415	-	-	139,415	-	-	-

No provision has been required during nine months ended 30 September 2018 (30 September 2017 – nil) in respect of amounts due from related parties.

(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:

	30 September 2018 RO (Unaudited)	30 September 2017 RO (Unaudited)
Short-term benefits	413,969	354,857
Employees' end of service benefits & leave salary accrual	22,112	74,596
	436,081	429,453
Number of key management personnel	8	8

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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 nine months ended 30 September 2018 and 30 September 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.

30 September 2018 (Unaudited)	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	96,729,634	12,742,888	-	109,472,522
Movement in unearned premiums	(14,170,482)	(1,113,401)	-	(15,283,883)
Gross premiums earned	82,559,152	11,629,487	-	94,188,639
Insurance premium ceded to reinsurers	(42,216,658)	(898,671)	-	(43,115,329)
Movement in unearned premiums	6,951,261	53,376	-	7,004,637
Premium ceded to reinsurers, earned	(35,265,397)	(845,295)	-	(36,110,692)
Net premiums	47,293,755	10,784,192	-	58,077,947
Claims	(66,384,890)	(6,678,418)	-	(73,063,308)
Reinsurers' share of claims	29,341,497	363,144	-	29,704,641
Net claims	(37,043,393)	(6,315,274)	-	(43,358,667)
Income from policy fees	1,200,920	56,921	-	1,257,841
Commission income on premium ceded to reinsurers	7,501,736	166,713	-	7,668,449
Commission expense	(7,158,084)	(1,145,578)	-	(8,303,662)
Net underwriting results	11,794,934	3,546,974	-	15,341,908
Investment income – net	1,544,739	530,429	(36,801)	2,038,367
Other operating income / (expense)	(19,327)	(1,235)	-	(20,562)
Third party administration fees	(1,468,854)	-	-	(1,468,854)
General and administrative expenses	(5,192,761)	(1,903,827)	-	(7,096,588)
Finance cost	(18,102)	-	-	(18,102)
Income tax	(987,160)	(320,557)	-	(1,307,717)
Profit for the period	5,653,469	1,851,784	(36,801)	7,468,452

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22 Segmental information (continued)
22.1 Primary reporting format - business segments (continued)

30 September 2017 (Unaudited)	Life and medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	80,099,326	10,382,324	-	90,481,650
Movement in unearned premiums	(2,029,186)	(1,609,474)	-	(3,638,660)
Gross premiums earned	<u>78,070,140</u>	<u>8,772,850</u>	<u>-</u>	<u>86,842,990</u>
Insurance premium ceded to reinsurers	(33,293,165)	(780,682)	-	(34,073,847)
Movement in unearned premiums	(751,510)	(99,340)	-	(850,850)
Premium ceded to reinsurers, earned	<u>(34,044,675)</u>	<u>(880,022)</u>	<u>-</u>	<u>(34,924,697)</u>
Net premiums	<u>44,025,465</u>	<u>7,892,828</u>	<u>-</u>	<u>51,918,293</u>
Claims	(58,184,704)	(6,704,077)	-	(64,888,781)
Reinsurers' share of claims	25,794,292	761,595	-	26,555,887
Net claims	<u>(32,390,412)</u>	<u>(5,942,482)</u>	<u>-</u>	<u>(38,332,894)</u>
Income from policy fees	1,026,855	99,189	-	1,126,044
Commission income on premium ceded to reinsurers	5,915,429	162,816	-	6,078,245
Commission expense	(6,202,441)	(975,504)	-	(7,177,945)
Net underwriting results	12,374,896	1,236,847		13,611,743
Investment income – net	1,580,701	399,479	(30,440)	1,949,740
Other operating income	17,866	1,800	-	19,666
Third party administration fees	(1,351,876)	-	-	(1,351,876)
General and administrative expenses	(4,284,307)	(1,488,214)	-	(5,772,521)
Finance cost	(75,262)	-	-	(75,262)
Income tax	(1,215,119)	(21,981)	-	(1,237,100)
Profit for the period	<u>7,046,899</u>	<u>127,931</u>	<u>(30,440)</u>	<u>7,144,390</u>
	Life and Medical RO	General RO	Adjustments and eliminations	Total RO
30 September 2018 (Unaudited)				
Segment assets	<u>138,772,163</u>	<u>25,559,574</u>	<u>(646,722)</u>	<u>163,685,015</u>
Segment liabilities	<u>87,512,514</u>	<u>23,839,268</u>	<u>(44,053)</u>	<u>111,307,729</u>
31 December 2017 (Audited)				
Segment assets	<u>119,866,495</u>	<u>22,734,331</u>	<u>(632,678)</u>	<u>141,968,148</u>
Segment liabilities	<u>69,806,548</u>	<u>22,744,788</u>	<u>(47,763)</u>	<u>92,503,573</u>
30 September 2017 (Unaudited)				
Segment assets	<u>121,431,199</u>	<u>21,957,296</u>	<u>(151,665)</u>	<u>143,236,830</u>
Segment liabilities	<u>72,892,897</u>	<u>22,007,430</u>	<u>-</u>	<u>94,900,327</u>

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**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the nine months ended 30 September 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 nine months ended 30 September 2018 and 30 September 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	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 September 2018 (Unaudited)						
Gross premium written	46,530,412	61,641,360	1,300,750	-	-	109,472,522
Movement in unearned premiums	(6,690,753)	(7,851,761)	(741,369)	-	-	(15,283,883)
Gross premiums earned	39,839,659	53,789,599	559,381	-	-	94,188,639
Insurance premium ceded to reinsurers	(16,696,754)	(25,841,221)	(577,354)	-	-	(43,115,329)
Movement in unearned premiums	2,817,778	3,792,652	394,207	-	-	7,004,637
Premium ceded to reinsurers, earned	(13,878,976)	(22,048,569)	(183,147)	-	-	(36,110,692)
Net premiums	25,960,683	31,741,030	376,234	-	-	58,077,947
Claims	(25,723,648)	(47,049,659)	(290,001)	-	-	(73,063,308)
Reinsurers' share of claims	9,938,240	19,608,771	157,630	-	-	29,704,641
Net claims	(15,785,408)	(27,440,888)	(132,371)	-	-	(43,358,667)
Income from policy fees	390,664	852,161	15,016	-	-	1,257,841
Commission income on premium ceded to reinsurers	2,502,017	5,166,253	179	-	-	7,668,449
Commission expense	(2,633,563)	(5,530,967)	(139,132)	-	-	(8,303,662)
Net underwriting results	10,434,393	4,787,589	119,926	-	-	15,341,908
Investment income – net	1,370,281	672,048	32,839	-	(36,801)	2,038,367
Other operating (loss) / income	(22,956)	3,635	(1,241)	-	-	(20,562)
Third party administration fees	(272,777)	(1,598,058)	(64,675)	466,656	-	(1,468,854)
General and administrative expenses	(4,265,487)	(2,117,664)	(296,851)	(416,586)	-	(7,096,588)
Finance cost	(18,102)	-	-	-	-	(18,102)
Income tax	(1,294,448)	-	-	(13,269)	-	(1,307,717)
Profit for the year	5,930,904	1,747,550	(210,002)	36,801	(36,801)	7,468,452

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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	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 September 2017 (Unaudited)						
Gross premium written	39,887,731	50,593,919	-	-	-	90,481,650
Movement in unearned premiums	(4,108,828)	470,168	-	-	-	(3,638,660)
Gross premiums earned	35,778,903	51,064,088	-	-	-	86,842,990
Insurance premium ceded to reinsurers	(13,968,074)	(20,105,773)	-	-	-	(34,073,847)
Movement in unearned premiums	1,880,911	(2,731,761)	-	-	-	(850,850)
Premium ceded to reinsurers, earned	(12,087,163)	(22,837,535)	-	-	-	(34,924,697)
Net premiums	23,691,740	28,226,553	-	-	-	51,918,293
Claims	(26,618,517)	(38,270,264)	-	-	-	(64,888,781)
Reinsurers' share of claims	9,850,785	16,705,102	-	-	-	26,555,887
Net claims	(16,767,732)	(21,565,162)	-	-	-	(38,332,894)
Income from policy fees	392,629	733,415	-	-	-	1,126,044
Commission income on premium ceded to reinsurers	2,023,402	4,054,843	-	-	-	6,078,245
Commission expense	(2,518,249)	(4,659,696)	-	-	-	(7,177,945)
Net underwriting results	6,821,790	6,789,953	-	-	-	13,611,743
Investment income - net	1,616,627	363,553	-	-	(30,440)	1,949,740
Other operating income	1,987	17,679	-	-	-	19,666
Third party administration fees	(161,618)	(1,351,405)	-	161,147	-	(1,351,876)
General and administrative expenses	(3,830,106)	(1,821,254)	-	(121,161)	-	(5,772,521)
Finance cost	(63,284)	(11,978)	-	-	-	(75,262)
Income tax	(1,227,554)	-	-	(9,546)	-	(1,237,100)
Profit / (loss) for the period	3,157,842	3,986,548	-	30,440	(30,440)	7,144,390

	Oman RO	UAE RO	Kuwait RO	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 September 2018 (Unaudited)						
Segment assets	89,089,705	71,499,140	3,005,157	737,735	(646,722)	163,685,015
Segment liabilities	55,608,513	53,977,311	1,630,892	135,066	(44,053)	111,307,729
31 December 2017(Audited)						
Segment assets	78,281,611	62,032,448	1,452,100	834,667	(632,678)	141,968,148
Segment liabilities	48,243,356	44,034,558	23,670	249,752	(47,763)	92,503,573
30 September 2017 (Unaudited)						
Segment assets	81,642,917	61,582,553	-	163,025	(151,665)	143,236,830
Segment liabilities	51,419,719	43,469,248	-	11,360	-	94,900,327

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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.

30 September 2018 (Unaudited)	Level 1	Level 2	Total
Investments	<u>17,177,674</u>	<u>133,697</u>	<u>17,311,371</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>
30 September 2017 (Unaudited)	Level 1	Level 2	Total
Investments	<u>12,451,005</u>	<u>188,260</u>	<u>12,639,265</u>

There were no transfers between any levels mentioned above.

25 Prior year adjustments

Certain corresponding information have been reclassified to conform to the presentation adopted in these financial statements. Such reclassifications have not resulted in change in previous period's reported profit and equity.