

DIRECTORS' REPORT

FOR NINE MONTHS ENDED 30 SEPTEMBER 2019

Dear Shareholders,

I have the pleasure to present to you, the Director's Report on behalf of the Board of Directors of National Life & General Insurance Co SAOG ("the Company" or "NLGIC")

At the outset, I would like to congratulate the Company and its CEO, Mr. S. Venkatachalam for winning the 'Best Performing Company in the Large Cap Segment in Oman' and the 'Best CEO of the Year in Oman' awards respectively for the second consecutive year at the prestigious AIWA (Alam al-Iktisaad Wal A'mal) for the Year 2018 which was held on 15 September 2019.

Performance Highlights for the nine months period ended 30 Sep 2019:

The company continues to deliver strong performance with improved results across key parameters as compared to corresponding period of the previous year

Amounts in RO '000	Jan-Sep 2019	Jan-Sep 2018	Variance
Gross premiums	118,215	109,473	8%
Net Underwriting Result	15,762	15,148	4%
Investment Income	2,301	1,972	17%
Profit after Tax	7,355	7,275	1%

Gross Premiums and Net Underwriting Results:

Gross Written Premium (GWP) grew by 8% to RO 118.2 million as compared to RO 109.5 million in the corresponding period of the previous year.

The Net Underwriting Result (NUR) of RO 15.8 million is 4% higher than NUR of RO 15.1 million in the corresponding period of the previous year. General Insurance business in Oman has been the key contributor for the improved results in NUR due to increased GWP from new sales touch points as well as improved claims ratios.

Investment Income:

The company's investment income has increased by 17% to RO 2.3 million as compared to RO 2.0 million in the corresponding period of the previous year. The increase in investment income is the result of a change in company's investment strategy with greater allocation to higher yielding bonds in its investment portfolio.

Net Profit After Tax (NPAT):

With positive growth across all parameters i.e. the GWP, NUR and Investment Income, the Company has achieved NPAT of RO 7.3 million in the first nine months of 2019. The NPAT is 1% higher than the corresponding period of the previous year.

Talent development:

The company remains committed to talent management to develop and empower it's employees at all levels to realize their potential. The company has a dedicated Learning and Development department which undertakes programs to offer in-house and external training. The Company especially invests in developing future leaders to fulfil it's aspirations. Towards this, Management development program was recently conducted for leadership training to senior management of the company.


Regulatory environment:

The Capital Market Authority has recently issued regulations for the Health Insurance Scheme (Dhamani) to private sector workers, residents and visitors to the Sultanate. The Company applauds this positive step from the regulator which will not only provide an impetus for growth in the insurance market but also benefit the society by ensuring that quality healthcare facilities are accessible to the currently uninsured section of Oman's population.

Acknowledgements

I take this opportunity to thank our esteemed shareholders, partners and regulators for their continued support and trust. I would also like to thank the management team and all our employees for their hard work and commitment.

We are profoundly thankful to His Majesty Sultan Qaboos Bin Said for his vision and wise leadership for the steady growth, stability and enduring prosperity of our great country. We also extend our sincere congratulations to His Majesty Sultan Qaboos Bin Said and the people of Oman on the occasion of the 49th 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 30th SEPTEMBER 2019**

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 30th SEPTEMBER 2019**

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NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30th September 2019

		30 September 2019	31 December 2018	30 September 2018
	Notes	RO (Unaudited)	RO (Audited)	Restated RO (Unaudited)
ASSETS				
Cash and cash equivalents	4	5,808,738	17,818,846	5,076,009
Bank deposits	5	36,965,507	34,896,420	46,377,726
Premiums and insurance balance receivables	7	67,922,722	43,750,195	46,623,270
Reinsurers' share of outstanding claims	12	9,722,912	9,720,551	14,020,390
Reinsurers' share of actuarial / mathematical and unexpired risk reserve	13	15,080,246	18,407,967	21,945,515
Other receivables and prepayments		6,546,092	4,727,341	5,858,444
Investments at fair value through profit or loss	6(a)	-	1,292,498	1,989,555
Investments carried at amortised cost	6(b)	11,425,006	2,871,739	7,363
Investments carried at fair value through other comprehensive income	6(c)	24,021,628	21,153,006	15,321,816
Loans to policyholders		183,221	218,374	240,879
Investment property	9	-	-	1,150,000
Property and equipment		6,801,116	5,646,648	4,480,505
Deferred tax asset	19	340,791	290,128	256,713
Intangible Assets (including Goodwill)		502,143	519,839	336,830
Total assets		185,320,122	161,313,552	163,685,015
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	10	26,500,000	26,500,000	26,500,000
Legal reserve		6,476,406	5,740,890	5,557,235
Contingency reserve		10,763,075	9,354,092	9,031,209
Revaluation reserve		447,420	447,420	447,420
Fair value reserve		(974,385)	(1,064,317)	(866,957)
Foreign exchange fluctuation reserve		(20,894)	(1,282)	(9,514)
Retained earnings		12,592,822	12,681,669	10,956,440
Total equity		55,784,444	53,658,472	51,615,833
LIABILITIES				
Gross outstanding claims	12	31,969,718	25,048,008	35,329,466
Gross actuarial / mathematical and unexpired risk reserve	13	64,924,470	52,962,614	61,040,673
Due to reinsurers	14	10,196,927	2,554,304	4,307,404
Other liabilities	15	21,113,454	25,477,097	10,063,469
Income tax payable	19	1,331,109	1,613,057	1,328,170
Total liabilities		129,535,678	107,655,080	112,069,182
Total equity and liabilities		185,320,122	161,313,552	163,685,015
Net assets per share	17	0.211	0.202	0.195

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 21 October 2019 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 2019

	Notes	30 September 2019 RO (Unaudited)	30 September 2018 Restated RO (Unaudited)
Gross written premium		<u>118,215,128</u>	<u>109,472,522</u>
Gross premium, earned		106,253,272	94,188,639
Premium ceded to reinsurers, earned		<u>(28,132,719)</u>	<u>(36,110,692)</u>
Net insurance premium revenue		78,120,553	58,077,947
Commission income on premium ceded to reinsurers		3,667,593	7,668,449
Income from policy fees		1,090,850	1,334,127
Gross claims expense	12	(83,928,085)	(73,063,308)
Reinsurers' share of claims	12	25,922,984	29,704,641
Commission expense		<u>(9,111,962)</u>	<u>(8,573,726)</u>
Net underwriting result		15,761,933	15,148,130
Investment income – net	18	2,300,602	1,972,299
Expected credit losses on financial assets		4	66,068
Other operating expense / income		46,362	(20,562)
Third party administration fees		(1,114,513)	(1,468,854)
General and administrative expenses		(8,379,949)	(7,096,588)
Finance cost		(41,476)	(18,102)
Amortisation of Intangible Assets		(17,697)	-
Profit before income tax		8,555,266	8,582,391
Income tax	19	<u>(1,200,103)</u>	<u>(1,307,717)</u>
Profit for the period		<u>7,355,163</u>	<u>7,274,674</u>
Other comprehensive expense			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(19,612)	(19,046)
Change in value of debt investments carried at fair value through other comprehensive income		138,947	(66,297)
Change in allowance for debt investments		3,561	(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>(52,087)</u>	135,354
Other comprehensive expense for the period		<u>70,809</u>	<u>(16,895)</u>
Total comprehensive income for the period		<u>7,425,972</u>	<u>7,257,779</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 2019

	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 2018 (Restated)	26,500,000	4,810,390	7,733,953	447,420	(833,162)	9,532	10,796,443	49,464,576
IFRS 9 and IFRS 15– Day 1 adjustments	-	-	-	-	(34,792)	-	(868,830)	(903,622)
At 1 January 2019 (Adjusted-Restated)	26,500,000	4,810,390	7,733,953	447,420	(867,954)	9,532	9,927,613	48,560,954
Profit for the period	-	-	-	-	-	-	7,274,674	7,274,674
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	69,057	-	-	69,057
Change in allowance for debt investments	-	-	-	-	(66,906)	-	-	(66,906)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(19,046)	-	(19,046)
Total comprehensive income for the period	-	-	-	-	2,151	(19,046)	7,274,674	7,257,779
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	(1,154)	-	1,154	-
Dividends declared and paid (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-Restated)	26,500,000	5,557,235	9,031,209	447,420	(866,957)	(9,514)	10,956,440	51,615,833
At 1 January 2019	26,500,000	5,740,890	9,354,092	447,420	(1,064,317)	(1,282)	12,681,669	53,658,472
Profit for the period	-	-	-	-	-	-	7,355,163	7,355,163
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	86,860	-	-	86,860
Change in allowance for debt investments	-	-	-	-	3,561	-	-	3,561
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(19,612)	-	(19,612)
Total comprehensive income for the period	-	-	-	-	90,421	(19,612)	7,355,163	7,425,972
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	(489)	-	489	-
Dividends declared and paid (Note 11)	-	-	-	-	-	-	(5,300,000)	(5,300,000)
Transfer to legal reserve	-	735,516	-	-	-	-	(735,516)	-
Transfer to contingency reserve	-	-	1,408,983	-	-	-	(1,408,983)	-
At 30 September 2019 (unaudited)	26,500,000	6,476,406	10,763,075	447,420	(974,385)	(20,894)	12,592,822	55,784,444

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 2019

	30 September 2019	30 September 2018
Notes	RO (Unaudited)	Restated RO (Unaudited)
Operating activities		
Profit before taxation	8,555,266	8,582,391
Adjustments for:		
Net (loss) / gain on investments at fair value through profit or loss	164,209	91,565
Expected credit loss/(release) of financial assets	(4)	(66,068)
Allowance for impaired debts	386,658	224,814
Accrual for end on service benefits	119,498	107,233
Interest income	18 (2,091,109)	(1,618,871)
Finance cost	41,476	18,102
Dividend income	18 (390,979)	(471,992)
Expense from investment property	18 -	16,295
Depreciation	644,940	444,532
Amortisation of Intangible Assets	17,697	-
Loss on disposal of property and equipment	(9,994)	(2,644)
	7,437,658	7,325,357
Changes in working capital:		
Premium and insurance balances receivable	(24,559,185)	(8,383,647)
Other receivables and prepayments	(1,307,331)	(2,156,931)
Reinsurers' share of outstanding claims	(2,361)	(5,365,714)
Reinsurers' share of actuarial / mathematical and unexpired risk reserve	3,327,721	(7,004,637)
Gross outstanding claims	6,921,710	12,907,531
Actuarial / mathematical and unexpired risk reserve	11,961,856	15,283,882
Due to reinsurers	7,642,623	1,497,918
Other liabilities	(4,630,976)	(10,603,797)
	6,791,715	3,499,962
End of service benefits paid	(19,877)	(25,623)
Income tax paid	(1,543,568)	(1,516,085)
Net cash (used in) / from operating activities	5,228,270	1,958,254
Investing activities		
Placement in bank deposits (net)	(2,061,905)	3,086,102
Purchase of property and equipment	(1,799,313)	(3,490,258)
Purchase of investment securities	(11,525,549)	(3,659,781)
Proceeds from disposal of investment securities	1,330,938	1,706,871
Proceeds from disposal of property and equipment	9,900	4,080
Interest received	1,718,943	1,121,715
Dividends received	417,075	467,392
Expense on investment property	18 -	(16,295)
Net movement in loans to policyholders	35,153	18,345
Net cash used in investing activities	(11,874,758)	(761,829)
Financing activities		
Finance cost paid	(41,476)	(18,102)
Dividend paid	(5,300,000)	(4,202,900)
Net cash (used in) / from financing activities	(5,341,476)	(4,221,002)
Net changes in cash and cash equivalents	(11,987,964)	(3,024,577)
Currency translation adjustment	(19,612)	(19,046)
Cash and cash equivalents at the beginning of the period	4 17,818,846	8,119,632
	5,811,270	5,076,009
ECL on closing cash and bank balances	(2,532)	-
Cash and cash equivalents at the end of the period	4 5,808,738	5,076,009

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 2019

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. 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 2018. 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 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the results for the nine month period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

The comparative information, included in these unaudited interim condensed consolidated financial statements as at 30 September 2018, 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 2019 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 2018.

The Group has adopted standard, interpretation or amendment that has been issued and is effective as at 01 January 2019. Although these amendments apply for the first time in 2019, they do not have a material impact on the interim condensed consolidated financial statements of the Group.

(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 2019, with the Group not opting for early adoption. These have, therefore, not been applied in preparing these unaudited interim condensed consolidated financial statements. Details of these standards should be read in conjunction with the annual financial statements as at 31 December 2018.

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 2019
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 and estimates which should be read in conjunction with the annual financial statements as at 31 December 2018.

4 Cash and cash equivalents

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
Balances with banks	5,814,178	17,821,098	5,061,304
Cash in hand	14,496	15,152	14,705
Less: ECL on cash and bank balances	(19,936)	(17,404)	-
Cash and cash equivalents	<u>5,808,738</u>	<u>17,818,846</u>	<u>5,076,009</u>

5 Bank deposits

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
Deposits	37,003,974	34,942,069	41,612,813
Subordinated deposits	-	-	5,000,000
Less: ECL on bank deposits	(38,467)	(45,649)	(235,087)
	<u>36,965,507</u>	<u>34,896,420</u>	<u>46,377,726</u>

6 Investment securities

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
Investments at fair value through profit or loss	6(a) -	1,292,498	1,989,555
Investments carried at amortised cost	6(b) 11,425,006	2,871,739	7,363
Investment carried at fair value through other comprehensive income	6(c) 24,021,628	21,153,006	15,321,816
	<u>35,446,634</u>	<u>25,317,243</u>	<u>17,318,734</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 2019
6 Investment securities (continued)
6(a) Investments at fair value through profit or loss

	30 September 2019		31 December 2018		30 September 2018	
	Market value RO (Unaudited)	Cost RO (Unaudited)	Market value RO (Audited)	Cost RO (Audited)	Market value RO (Unaudited)	Cost RO (Unaudited)
Quoted local						
Banking and investment Services	-	-	1,292,498	1,647,791	854,915	958,934
	-	-	-	-	1,134,640	1,118,018
	<u>-</u>	<u>-</u>	<u>1,292,498</u>	<u>1,647,791</u>	<u>1,989,555</u>	<u>2,076,952</u>

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

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
At 1 January	1,292,498	2,571,628	2,571,628
Additions during the period / year	7,625	1,104,671	1,101,431
Disposals during the period / year at cost	(1,135,914)	(2,134,768)	(1,591,939)
Realised gain on disposal (note 18)	(164,209)	(18,257)	56,747
Fair value changes (note 18)	-	(230,776)	(148,312)
At 30 September / 31 December	<u>-</u>	<u>1,292,498</u>	<u>1,989,555</u>

6 (b) Investments carried at amortised cost

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
Bonds - over one year from the date of inception	11,435,675	2,883,683	7,363
Less: ECL on Investments carried at amortised cost	(10,669)	(11,944)	-
	<u>11,425,006</u>	<u>2,871,739</u>	<u>7,363</u>
Annual interest rates	<u>4% to 6.75%</u>	<u>4% to 5.75%</u>	<u>4%</u>

(i) Movement in investments carried at amortised cost:

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
At 1 January	2,871,739	18,662	18,662
Additions during the period / year	8,559,356	2,876,320	-
Matured during the period / year	(7,364)	(11,299)	(11,299)
Movement in Expected credit losses	1,275	(11,944)	-
At 30 September / 31 December	<u>11,425,006</u>	<u>2,871,739</u>	<u>7,363</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 September 2019
6 Investment securities (continued)
6 (c) Investments carried at fair value through other comprehensive income

	30 September 2019		31 December 2018		30 September 2018	
	Market value RO (Unaudited)	Cost RO (Unaudited)	Market value RO (Audited)	Cost RO (Audited)	Market value RO (Unaudited)	Cost RO (Unaudited)
Local						
Quoted	15,164,901	15,197,679	13,357,014	13,414,653	7,331,506	7,258,467
	15,164,901	15,197,679	13,357,014	13,414,653	7,331,506	7,258,467
Foreign						
Unquoted	119,579	853,449	119,579	853,448	133,697	901,968
Quoted	8,737,148	9,218,360	7,676,413	8,229,990	7,856,613	8,229,990
	8,856,727	10,071,809	7,795,992	9,083,438	7,990,310	9,131,958
	24,021,628	25,269,488	21,153,006	22,498,091	15,321,816	16,390,425

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

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
At 1 January	21,153,006	12,930,004	12,930,004
Transition adjustment on adoption of IFRS-9	-	-	(34,792)
At 1 January (Adjusted)	21,153,006	12,930,004	12,895,212
Additions during the period / year	2,958,568	9,714,536	2,558,350
Disposals during the period / year	(187,660)	(1,125,385)	(103,633)
Realised gain on disposal	489	(25,614)	1,806
Fair value change	97,225	(340,535)	36,987
Movement in ECL-IFRS 9	-	-	(66,906)
At 30 September / 31 December	24,021,628	21,153,006	15,321,816

6 (d) Investment in subsidiaries

		30 September 2019		31 December 2018		30 September 2018	
	Country Holding	Carrying value RO	Holding %	Carrying value RO	Holding %	Carrying value RO	Holding %
NLGIC support services Pvt. Ltd. (NSSPL)	India	100.00	219,342	100.00	194,690	100.00	176,295
Inayah TPA LLC	UAE	100.00	889,730	100.00	918,681	100.00	616,714
			1,109,072		1,113,371		793,009

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 2019
7 Premiums and insurance balance receivables

	30 September 2019			31 December 2018			30 September 2018		
	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	46,659,905	3,333,997	49,993,902	30,409,303	3,279,045	33,688,348	40,396,903	3,584,969	43,981,872
Reinsurance balances receivable	19,336,333	34,676	19,371,009	11,013,154	104,224	11,117,378	3,641,016	128,965	3,769,981
	65,996,238	3,368,673	69,364,911	41,422,457	3,383,269	44,805,726	44,037,919	3,713,934	47,751,853
Allowance for impaired debts	(1,032,506)	(409,683)	(1,442,189)	(735,001)	(320,530)	(1,055,531)	(754,292)	(374,291)	(1,128,583)
	64,963,732	2,958,990	67,922,722	40,687,456	3,062,739	43,750,195	43,283,627	3,339,643	46,623,270
Movement in allowance for impaired debts									
At 1 January	735,001	320,530	1,055,531	697,075	206,695	903,770	697,075	206,695	903,770
Provided during the period / year	297,505	89,153	386,658	77,348	117,418	194,766	57,217	167,597	224,814
Written off during the period / year	-	-	-	(39,422)	(3,583)	(43,005)	-	-	-
At 30 September / 31 December	1,032,506	409,683	1,442,189	735,001	320,530	1,055,531	754,292	374,292	1,128,584

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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 33,531,421 (31 December 2018 - RO 30,884,931 and 30 September 2018 - RO 31,421,725). 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 464,142 (31 December 2018 - RO 459,034 and 30 September 2018 - RO 444,971) and RO 1,879,150 (31 December 2018 - RO 1,274,000 and 30 September 2018 - 1,274,000) 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 2018 - RO 50,000 and 30 September 2018 - 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 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
At 1 January	-	1,150,000	1,150,000
Fair value change	-	30,000	-
Reclassification to Property and Equipment	-	(1,180,000)	-
At 30 September / 31 December	-	-	1,150,000
Valuation Date	NA	31 December 2018	31 December 2017

10 Share capital

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (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 27 March 2019 (2018 - annual general meeting dated 28 March 2018) approved cash dividend of RO 5,300,000 (31 December 2018 – cash dividend of RO 4,202,900) which was subsequently paid.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

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For the nine months ended 30 September 2019

12 Claims

Life and general	30 September 2019			31 December 2018			30 September 2018		
	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	17,004,173	(6,343,482)	10,660,691	14,922,354	(5,564,331)	9,358,023	14,922,354	(5,564,331)	9,358,023
- Incurred but not reported	8,043,835	(3,377,069)	4,666,766	7,499,581	(3,090,345)	4,409,236	7,499,581	(3,090,345)	4,409,236
	25,048,008	(9,720,551)	15,327,457	22,421,935	(8,654,676)	13,767,259	22,421,935	(8,654,676)	13,767,259
Add: Claims provided during the period / year	83,928,085	(25,922,984)	58,005,101	101,156,584	(41,452,130)	59,704,454	73,063,308	(29,704,641)	43,358,667
Less: Claims paid during the period / year	(77,006,375)	25,920,623	(51,085,752)	(98,530,511)	40,386,255	(58,144,256)	(60,155,777)	24,338,927	(35,816,850)
At 30 September / 31 December	31,969,718	(9,722,912)	22,246,806	25,048,008	(9,720,551)	15,327,457	35,329,466	(14,020,390)	21,309,076
Analysis of outstanding claims at 30 September / 31 December									
- Claims incurred	24,745,152	(7,609,775)	17,135,377	17,004,173	(6,343,482)	10,660,691	27,778,708	(11,000,503)	16,778,205
- Incurred but not reported	7,224,566	(2,113,137)	5,111,429	8,043,835	(3,377,069)	4,666,766	7,550,758	(3,019,887)	4,530,871
	31,969,718	(9,722,912)	22,246,806	25,048,008	(9,720,551)	15,327,457	35,329,466	(14,020,390)	21,309,076

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 nine 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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For the nine months ended 30 September 2019
13 Gross actuarial / mathematical and unexpired risk reserve

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve - life assurance			
Gross	57,058,392	45,399,305	53,562,961
Reinsurers' share	<u>(14,603,801)</u>	<u>(17,892,867)</u>	<u>(21,491,038)</u>
	<u>42,454,591</u>	<u>27,506,438</u>	<u>32,071,923</u>
Unexpired risk reserve – general insurance			
Gross	7,866,078	7,563,309	7,477,712
Reinsurers' share	<u>(476,445)</u>	<u>(515,100)</u>	<u>(454,477)</u>
	<u>7,389,633</u>	<u>7,048,209</u>	<u>7,023,235</u>
Actuarial / mathematical and unexpired risk reserve – total			
Gross	64,924,470	52,962,614	61,040,673
Reinsurers' share	<u>(15,080,246)</u>	<u>(18,407,967)</u>	<u>(21,945,515)</u>
	<u>49,844,224</u>	<u>34,554,647</u>	<u>39,095,158</u>

Movement during the period / year:

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve – life assurance			
At 1 January	27,506,438	24,852,702	24,852,702
Net movement in the statement of comprehensive income	<u>14,948,153</u>	<u>2,653,736</u>	<u>7,219,221</u>
At 30 September / 31 December	<u>42,454,591</u>	<u>27,506,438</u>	<u>32,071,923</u>
Unexpired risk reserve – general insurance			
At 1 January	7,048,209	5,963,211	5,963,211
Net movement in the statement of comprehensive income	<u>341,424</u>	<u>1,084,998</u>	<u>1,060,024</u>
At 30 September / 31 December	<u>7,389,633</u>	<u>7,048,209</u>	<u>7,023,235</u>

14 Due to reinsurers

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 RO (Unaudited)
Reinsurance balances payable – life insurance	9,563,866	1,988,268	3,656,020
Reinsurance balances payable – general insurance	<u>633,061</u>	<u>566,036</u>	<u>651,384</u>
	<u>10,196,927</u>	<u>2,554,304</u>	<u>4,307,404</u>

15 Other liabilities

	30 September 2019 RO (Unaudited)	31 December 2018 RO (Audited)	30 September 2018 Restated RO (Unaudited)
Accounts payable	11,233,085	16,951,097	1,856,152
Accrued expenses	4,591,791	3,524,821	3,099,497
Other payables	4,548,510	4,360,733	4,464,987
End of service benefits	<u>740,068</u>	<u>640,446</u>	<u>642,833</u>
	<u>21,113,454</u>	<u>25,477,097</u>	<u>10,063,469</u>

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16 Contingent liabilities
(a) Contingencies

At 30 September 2019, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 300,266 (31 December 2018 - RO 444,143 and 30 September 2018 – RO 479,339) 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 2019	31 December 2018	30 September 2018
	RO (Unaudited)	RO (Audited)	Restated RO (Unaudited)
Net assets (RO)	55,784,444	53,658,472	51,615,833
Number of shares outstanding at 30 September / 31 December	265,000,000	265,000,000	265,000,000
Net assets per share (RO)	0.211	0.202	0.195

18 Investment income – net

	30 September 2019 RO (Unaudited)	30 September 2018 RO (Unaudited)
Interest income on bank deposits and other investments	1,065,138	1,404,482
Interest income on bonds, net of amortisation charge	1,010,017	197,385
Interest income on loans to policy holders	15,954	17,004
Dividend income	390,979	471,992
Expense from investment property	-	(16,295)
Net unrealised (loss) / gain on investments carried at fair value through profit or loss	-	(148,312)
Net realised gain on investment carried at fair value through profit or loss and investment carried at amortised cost	(164,209)	56,747
	2,317,879	1,983,003
Investment acquisition cost and portfolio management fees	(17,277)	(10,704)
	2,300,602	1,972,299

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19 Income tax

	30 September 2019 RO (Unaudited)	30 September 2018 RO (Unaudited)
Statement of comprehensive income:		
Current tax		
- For the year	1,344,971	1,343,167
- For prior years	(85,151)	-
Deferred tax	(59,717)	(35,450)
	<u>1,200,103</u>	<u>1,307,717</u>
	30 September 2019 RO (Unaudited)	30 September 2018 RO (Unaudited)
Current liability		
Income tax payable	<u>1,331,109</u>	<u>1,613,057</u>
		30 September 2018 RO (Unaudited)
Non-current asset		
Deferred tax asset	<u>340,791</u>	<u>290,128</u>
		<u>1,328,170</u>

The tax rate applicable to the Parent Company is 15% (30 September 2018 – 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 2019 (Unaudited)	30 September 2018 Restated (Unaudited)
Profit for the nine months ended (RO)	<u>7,355,163</u>	<u>7,274,674</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>

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
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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
30 September 2019	RO	RO	RO	RO	RO	RO	RO
(Unaudited)							
Statement of comprehensive income							
Gross premium income	2,553,408	103,725	1,075	2,128,570	-	-	320,038
Claims expense	1,657,021	42,315	-	1,219,908	-	-	394,799
Interest income on deposits	342,937	-	-	342,937	-	-	-
Income from bonds and equity	284,875	88,881	-	195,994	-	-	-
Commission expense	318,675	-	-	138,374	-	-	180,301
Other expenses	118,400	-	-	118,400	-	-	-
Director sitting fees	12,400	-	12,400	-	-	-	-
Directors' remuneration	137,600	-	137,600	-	-	-	-
Other Transactions							
Placement of Deposit	2,650,000	-	-	2,650,000	-	-	-
Maturity of Deposit	150,000	-	-	150,000	-	-	-
Increase in bank balances	1,000,706	-	-	1,000,706	-	-	-
Decrease in bank balances	3,049,016	-	-	3,049,016	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	138,200	-	138,200	-	-	-	-
Claims payable to related parties	689,889	10,585	-	570,148	-	-	109,156
Commission payable	261,133	-	-	17,174	-	-	243,959
Payable to related parties	4,273	-	-	4,273	-	-	-
Receivable from related parties	77,337	-	-	76,793	544	-	-
Bank balances	1,876,191	-	-	1,876,191	-	-	-
Fixed deposits/Bonds balances	12,675,000	-	-	12,675,000	-	-	-
Premium receivable from related parties	564,670	2,254	-	332,222	-	-	230,193
Investment in Bonds	3,550,000	2,300,000	-	1,250,000	-	-	-
Accrued interest receivable	338,371	-	-	338,371	-	-	-

During January to September 2019, subsidiary in India (NSSPL) has charged the parent company service fees of RO 365,162. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 44,263. Carrying value of investment as on 30.09.2019 is RO 219,342 and due to NSSPL as at 30.09.2019 is RO 16,156.

During January to September 2019, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 264,061. The Parent Company has accounted Inayah Share of loss from subsidiary of RO 11,253. Carrying value of investment as on 30.09.2019 is RO 889,730 and due to Inayah TPA LLC as at 30.09.2019 is RO 101,771.

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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
30 September 2018 (Unaudited)	RO	RO	RO	RO	RO	RO	RO
Statement of comprehensive income							
Gross premium income	3,488,632	110,377	11,338	3,004,107	100	375	362,336
Claims expense	1,420,779	28,014	-	1,102,230	-	-	290,536
Interest income on deposits	203,145	-	-	203,145	-	-	-
Rent expenses	117,504	-	-	117,504	-	-	-
Commission expense	283,318	-	-	133,224	-	-	150,095
Other expenses	107,316	-	-	50,867	400	200	55,849
Director sitting fees	13,900	-	13,900	-	-	-	-
Directors' remuneration	136,100	-	136,100	-	-	-	-
Purchase of Land & Building	2,600,000	-	-	2,600,000	-	-	-
Other Transactions							
Subscription of Bonds	2,300,000	2,300,000	-	-	-	-	-
Maturity of Fixed Deposit	250,000	-	-	250,000	-	-	--
Statement of financial position							
Directors' remuneration & sitting fees	136,900	-	136,900	-	-	-	-
Claims payable to related parties	580,709	9,033	-	511,409	-	-	60,267
Commission payable	340,871	-	-	14,489	-	-	326,382
Payable to related parties	33,549	-	-	-	-	-	33,549
Receivable from related parties	17,662	-	-	-	17,662	-	-
Bank balances	326,899	-	-	326,899	-	-	-
Fixed deposits/Bonds balances	15,725,493	2,300,000	-	13,425,493	-	-	-
Premium receivable from related parties	910,420	10,387	495	609,670	-	-	289,868
Accrued interest receivable	393,084	-	-	393,084	-	-	-

During January to September 2018, subsidiary in India (NSSPL) has charged the parent company service fees of RO 274,290. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 27,641. Carrying value of investment as on 30.09.2018 is RO 176,295 and due to NSSPL as at 30.09.2018 is RO 26,813.

During January to September 2018, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 192,367. The Parent Company has accounted Inayah Share of Profit from subsidiary of RO 9,160. Carrying value of investment as on 30.09.2018 is RO 616,714 and due to Inayah TPA LLC as at 30.09.2018 is RO 145,667.

No major provision has been required during nine months ended 30 September 2019 (30 September 2018 – 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:

	30 September 2019 RO (Unaudited)	30 September 2018 RO (Unaudited)
Short-term benefits	444,553	413,969
Employees' end of service benefits & leave salary accrual	60,287	22,112
	504,840	436,081
Number of key management personnel	10	8

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 2019**
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 2019 and 30 September 2018.

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 2019 (Unaudited)	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	104,717,913	13,497,215	-	118,215,128
Movement in unearned premiums	(11,659,087)	(302,769)	-	(11,961,856)
Gross premiums earned	93,058,826	13,194,446	-	106,253,272
Insurance premium ceded to reinsurers	(23,861,848)	(943,150)	-	(24,804,998)
Movement in unearned premiums	(3,289,066)	(38,655)	-	(3,327,721)
Premium ceded to reinsurers, earned	(27,150,914)	(981,805)	-	(28,132,719)
Net premiums	65,907,912	12,212,641	-	78,120,553
Claims	(76,795,207)	(7,132,878)	-	(83,928,085)
Reinsurers' share of claims	25,440,435	482,549	-	25,922,984
Net claims	(51,354,772)	(6,650,329)	-	(58,005,101)
Income from policy fees	714,808	376,042	-	1,090,850
Commission income on premium ceded to reinsurers	3,507,833	159,760	-	3,667,593
Commission expense	(7,584,807)	(1,527,155)	-	(9,111,962)
Net underwriting results	11,190,974	4,570,959	-	15,761,933
Investment income – net	1,482,534	851,078	(33,010)	2,300,602
ECL on financial assets	(9,766)	9,770	-	4
Other operating income / (expense)	44,256	2,106	-	46,362
Third party administration fees	(1,114,513)	-	-	(1,114,513)
General and administrative expenses	(6,175,814)	(2,204,135)	-	(8,379,949)
Finance cost	(41,476)	-	-	(41,476)
Amortisation of intangible assets	(17,697)	-	-	(17,697)
Income tax	(751,017)	(449,086)	-	(1,200,103)
Profit for the period	4,607,481	2,780,692	(33,010)	7,355,163

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for the nine months ended 30 September 2019**
22 Segmental information (continued)
22.1 Primary reporting format - business segments (continued)

30 September 2018 (Unaudited- Restated)	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	1,087,776	246,351	-	1,334,127
Commission income on premium ceded to reinsurers	7,501,736	166,713	-	7,668,449
Commission expense	(7,199,607)	(1,374,119)	-	(8,573,726)
Net underwriting results	11,640,267	3,507,863	-	15,148,130
Investment income – net	1,475,148	533,952	(36,801)	1,972,299
ECL on financial assets	69,591	(3,523)	-	66,068
Other operating (loss) / income	(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	5,498,802	1,812,673	(36,801)	7,274,674
	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
30 September 2019 (Unaudited)				
Segment assets	152,429,510	33,761,958	(871,346)	185,320,122
Segment liabilities	101,154,334	28,499,270	(117,926)	129,535,678
31 December 2018 (Audited)				
Segment assets	132,509,581	29,829,631	(1,025,660)	161,313,552
Segment liabilities	80,591,696	27,349,022	(285,638)	107,655,080
30 September 2018 (Unaudited- Restated)				
Segment assets	138,772,163	25,559,574	(646,722)	163,685,015
Segment liabilities	88,169,785	23,943,450	(44,053)	112,069,182

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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 2019 and 30 September 2018.

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 2019 (Unaudited)						
Gross premium written	53,965,570	62,501,930	1,747,628	-	-	118,215,128
Movement in unearned premiums	(7,232,622)	(4,705,660)	(23,574)	-	-	(11,961,856)
Gross premiums earned	46,732,948	57,796,270	1,724,054	-	-	106,253,272
Insurance premium ceded to reinsurers	(3,673,851)	(20,625,465)	(505,682)	-	-	(24,804,998)
Movement in unearned premiums	(3,219,737)	(47,401)	(60,583)	-	-	(3,327,721)
Premium ceded to reinsurers, earned	(6,893,588)	(20,672,866)	(566,265)	-	-	(28,132,719)
Net premiums	39,839,360	37,123,404	1,157,789	-	-	78,120,553
Claims	(32,740,568)	(49,670,884)	(1,516,633)	-	-	(83,928,085)
Reinsurers' share of claims	6,399,070	18,818,554	705,360	-	-	25,922,984
Net claims	(26,341,498)	(30,852,330)	(811,273)	-	-	(58,005,101)
Income from policy fees	569,670	516,968	4,212	-	-	1,090,850
Commission income on premium ceded to reinsurers	574,799	3,092,172	622	-	-	3,667,593
Commission expense	(3,170,420)	(5,711,679)	(229,863)	-	-	(9,111,962)
Net underwriting results	11,471,911	4,168,535	121,487	-	-	15,761,933
Investment income – net	1,698,215	597,408	37,989	-	(33,010)	2,300,602
ECL on financial assets	3,084	(3,038)	(42)	-	-	4
Other operating (loss) / income	27,334	16,059	2,969	-	-	46,362
Third party administration fees	(185,352)	(1,484,351)	(74,033)	629,223	-	(1,114,513)
General and administrative expenses	(5,049,275)	(2,401,281)	(345,412)	(583,981)	-	(8,379,949)
Finance cost	(36,426)	(5,050)	-	-	-	(41,476)
Amortisation of intangible assets	(17,697)	-	-	-	-	(17,697)
Income tax	(1,187,871)	-	-	(12,232)	-	(1,200,103)
Profit for the period	6,723,923	888,282	(257,042)	33,010	(33,010)	7,355,163

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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 2018 (Unaudited-Restated)						
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	538,353	781,553	14,221	-	-	1,334,127
Commission income on premium ceded to reinsurers	2,502,017	5,166,253	179	-	-	7,668,449
Commission expense	(2,891,754)	(5,541,173)	(140,799)	-	-	(8,573,726)
Net underwriting results	10,323,891	4,706,775	117,464	-	-	15,148,130
Investment income - net	1,330,764	646,771	31,565	-	(36,801)	1,972,299
ECL on financial assets	39,517	25,277	1,274	-	-	66,068
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 / (loss) for the period	5,820,402	1,666,736	(212,464)	36,801	(36,801)	7,274,674

	Oman RO	UAE RO	Kuwait RO	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 September 2019 (Unaudited)						
Segment assets	95,473,788	84,264,393	4,412,805	2,040,482	(871,346)	185,320,122
Segment liabilities	61,625,384	64,455,008	2,286,150	1,287,062	(117,926)	129,535,678
31 December 2018(Audited)						
Segment assets	88,450,483	69,612,661	3,167,382	1,108,686	(1,025,660)	161,313,552
Segment liabilities	52,428,561	53,125,028	2,018,465	368,664	(285,638)	107,655,080
30 September 2018 (Unaudited-Restated)						
Segment assets	89,089,705	71,499,140	3,005,157	737,735	(646,722)	163,685,015
Segment liabilities	55,889,226	54,455,588	1,633,355	135,066	(44,053)	112,069,182

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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 2018. There have been no material changes in the risk management policies since year ended 31 December 2018.

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 2019 (Unaudited)	Level 1	Level 2	Total
Investments	<u>23,902,049</u>	<u>119,579</u>	<u>24,021,628</u>
31 December 2018 (Audited)	Level 1	Level 2	Total
Investments	<u>22,325,925</u>	<u>119,579</u>	<u>22,445,504</u>
30 September 2018 (Unaudited)	Level 1	Level 2	Total
Investments	<u>17,177,674</u>	<u>133,697</u>	<u>17,311,371</u>

There were no transfers between any levels mentioned above.

25 Prior period adjustments

The Group has reclassified policy issuance expenses from income from policy fees to commission expenses of the comparative period nine months ended 30 September 2018 to maintain consistency. This reclassification has not resulted in change in previous period's reported profit and equity.

The Group has also restated the income from policy fees towards implementation of IFRS 15 w.e.f. 1st January 2018. The restatement has resulted in changes as presented below for the comparative figures of September 2018 to maintain consistency. This restatement has resulted in change of RO 193,778 in previous period's reported profit and RO 761,453 in the equity.

	<i>30 September 2018 (as previously reported) RO</i>	<i>Reclassification RO</i>	<i>Restatement</i>	<i>30 September 2018 (as reported) RO</i>
Statement of Comprehensive Income				
Income from policy fees	1,257,841	270,064	(193,778)	1,334,127
Commission expense	<u>(8,303,662)</u>	<u>(270,064)</u>	<u>-</u>	<u>(8,573,726)</u>
Net Impact on Profit		<u>-</u>	<u>(193,778)</u>	
Statement of Financial Position				
Retained earnings	11,717,893		(761,453)	10,956,440
Accounts payables and other liabilities	9,302,016		761,453	10,063,469