

DIRECTORS' REPORT

For the six-month period ended 30 June 2020

Dear Shareholders,

On behalf of the Board of Directors, it's my pleasure to present to you the Unaudited Financial Results of National Life & General Insurance Co SAOG ("the Company" or "NLGIC"). In the following sections, I am pleased to highlight major developments at NLGIC and its overall financial performance for the six-month period ended 30 June 2020.

Performance highlights for the six-month period ended 30 June 2020:

NLGIC continues to deliver strong results in the prevailing challenging economic environment. During the six-month period ended 30 June 2020, the Company achieved exceptional results with growth of 111% in Profit after Tax, as compared to the same period in 2019. The growth is attributable to strong performance in insurance operations and investments.

(in RO 000s)	Jan-Jun 2020	Jan-Jun 2019	Variance
Gross Written Premiums	87,174	89,024	-2%
Net Underwriting Results	17,144	10,822	58%
Investment Income	2,269	1,627	39%
Profit after Tax	10,840	5,143	111%

Gross Written Premiums and Net Underwriting Results:

Gross Written Premium (GWP) for the six-month period ended 30 June 2020 declined by 2% to RO 87.2 million, as compared to the corresponding period of 2019, due to lower premiums from the Company's UAE operations. Net Underwriting Result (NUR) for the six-month period ended 30 June 2020 rose by 58% to RO 17.1 million, as compared to the corresponding period in 2019. The substantial rise in NUR is attributable to several years of groundwork done by the Company to enhance retail products, optimize reinsurance strategy, bring about digital readiness and improve underwriting strategy. It is also due to lower claims reported during the COVID-19 related lockdown. Motor and Medical portfolios both in Oman and overseas performed well.

Investment Income

Investment Income for the six-month period ended 30 June 2020 rose by 39% to RO 2.3 million, as compared to the corresponding period of 2019. The substantial rise is the result of a proactive and prudent investment management, over the last few years. The decision to focus more on fixed income instruments has yielded good results in the current period.

Net Profit After Tax (NPAT)

Net Profit After Tax (NPAT) for the six-month period ended 30 June 2020 rose by 111% to RO 10.8 million, as compared to the corresponding period of 2019. The rise is attributable to the increase in NUR and Investment Income.

Report by Capital Market Authority:

A report was recently published by Capital Market Authority titled “Insurance Market Index in the Sultanate of Oman” for the year 2018-2019. It gives me great pleasure to inform you that NLGIC continues to maintain leadership in Oman in terms of Assets, Gross Written Premiums, Investment Income and Net Profit after Tax.

Recent events and recognitions

- NLGIC recently won the “Best Insurance Company Digital Transformation Oman 2020” award from Global Banking & Finance Review.
- In May 2020, A M Best affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of “bbb+” of NLGIC with stable outlook.
- NLGIC’s Dubai office moved to owned premises in the “The Opus by Omniyat” in the Business Bay area.
- NLGIC contributed RO 175,000 towards Endowment fund for supporting government initiatives to overcome the threat of COVID-19.

Acknowledgements

We are profoundly grateful to His Majesty Sultan Haitham bin Tarik for his great leadership, wisdom, and guidance as he leads our country towards continued growth, stability, and prosperity.

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

I thank The Supreme Committee tasked with tackling the developments of coronavirus (COVID-19) pandemic, all the ministries and workers at various levels who are involved in the efforts to reduce the spread of COVID-19 and in the treatment of those affected.



Khalid Muhammad AlZubair
Chairman

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30th JUNE 2020**

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 SIX MONTHS ENDED 30th JUNE 2020**

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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 June 2020

		30 June 2020	31 December 2019	30 June 2019
	Notes	RO (Unaudited)	RO (Audited)	RO (Unaudited)
ASSETS				
Cash and cash equivalents	4	11,315,944	19,004,230	8,134,066
Bank deposits	5	33,177,842	37,348,696	34,964,744
Premiums and insurance balance receivables	7	76,288,342	63,519,337	86,149,368
Reinsurers' share of outstanding claims	12	8,419,023	6,020,113	10,419,015
Reinsurers' share of actuarial / mathematical and unexpired risk reserve	13	13,601,163	13,544,875	16,372,912
Other receivables and prepayments	8	10,429,704	10,015,713	12,222,038
Investments carried at amortised cost	6(a)	14,213,702	2,569,435	9,240,914
Investments carried at fair value through other comprehensive income	6(b)	33,233,816	31,709,063	23,633,964
Loans to policyholders		138,416	129,435	186,770
Property and equipment		6,796,268	6,811,564	5,620,343
Deferred tax asset	19	448,221	221,007	336,981
Intangible Assets (including Goodwill)		484,445	496,243	508,042
Total assets		208,546,886	191,389,711	207,789,157
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	10	26,500,000	26,500,000	26,500,000
Legal reserve		7,845,154	6,761,121	6,255,214
Contingency reserve		12,239,252	11,185,599	10,402,002
Revaluation reserve		447,420	447,420	447,420
Fair value reserve		(1,403,218)	165,048	(1,343,491)
Foreign exchange fluctuation reserve		(27,871)	(21,957)	(2,682)
Retained earnings		15,612,537	13,865,365	10,963,159
Total equity		61,213,274	58,902,596	53,221,622
LIABILITIES				
Gross outstanding claims	12	28,852,489	21,704,590	32,329,684
Gross actuarial / mathematical and unexpired risk reserve	13	73,042,613	58,403,181	70,632,875
Due to reinsurers	14	12,893,391	8,837,559	10,172,513
Other liabilities	15	22,070,680	39,905,510	34,611,496
Short term loan		8,650,000	2,000,000	5,900,000
Income tax payable	19	1,824,439	1,636,275	920,967
Total liabilities		147,333,612	132,487,115	154,567,535
Total equity and liabilities		208,546,886	191,389,711	207,789,157
Net assets per share	17	0.231	0.222	0.201

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 28 July 2020 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 six months ended 30 June 2020

	Notes	30 June 2020 RO (Unaudited)	30 June 2019 RO (Unaudited)
Gross written premium		87,173,827	89,024,422
Gross premium, earned		72,534,395	71,354,161
Premium ceded to reinsurers, earned		(14,330,035)	(19,918,515)
Net insurance premium revenue		58,204,360	51,435,646
Commission income on premium ceded to reinsurers		1,757,787	2,723,163
Income from policy fees		567,349	846,866
Gross claims expense	12	(49,433,090)	(56,051,863)
Reinsurers' share of claims	12	12,485,627	18,335,770
Commission expense		(6,437,577)	(6,467,750)
Net underwriting result		17,144,456	10,821,832
Investment income – net	18	2,268,808	1,627,310
Expected credit losses on financial assets		(9,959)	5,265
Other operating expense / income		(11,191)	40,331
Third party administration fees		(604,137)	(951,000)
General and administrative expenses		(6,048,774)	(5,549,460)
Finance cost		(93,244)	(37,607)
Amortisation of Intangible Assets		(11,798)	(11,798)
Profit before income tax		12,634,161	5,944,873
Income tax	19	(1,793,835)	(801,638)
Profit for the period		10,840,326	5,143,235
Other comprehensive expense			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(5,914)	(1,400)
Change in value of debt investments carried at fair value through other comprehensive income		(730,916)	93,169
Items that will not be reclassified to profit or loss:			
Change in value of investments carried at fair value through other comprehensive income		(1,167,818)	(371,854)
Other comprehensive expense for the period		(1,904,648)	(280,085)
Total comprehensive income for the period		8,935,678	4,863,150
Earnings per share - basic and diluted	20	0.041	0.019

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 six months ended 30 June 2020

	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 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	-	-	-	-	-	-	5,143,235	5,143,235
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	(278,685)	-	-	(278,685)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(1,400)	-	(1,400)
Total comprehensive income for the period	-	-	-	-	(278,685)	(1,400)	5,143,235	4,863,150
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	-	514,324	-	-	-	-	(514,324)	-
Transfer to contingency reserve	-	-	1,047,910	-	-	-	(1,047,910)	-
At 30 June 2019 (Unaudited)	<u>26,500,000</u>	<u>6,255,214</u>	<u>10,402,002</u>	<u>447,420</u>	<u>(1,343,491)</u>	<u>(2,682)</u>	<u>10,963,159</u>	<u>53,221,622</u>
At 1 January 2020	26,500,000	6,761,121	11,185,599	447,420	165,048	(21,957)	13,865,365	58,902,596
Profit for the period	-	-	-	-	-	-	10,840,326	10,840,326
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	(1,898,734)	-	-	(1,898,734)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(5,914)	-	(5,914)
Total comprehensive income for the period	-	-	-	-	(1,898,734)	(5,914)	10,840,326	8,935,678
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	330,468	-	(330,468)	-
Dividends declared and paid (Note 11)	-	-	-	-	-	-	(6,625,000)	(6,625,000)
Transfer to legal reserve	-	1,084,033	-	-	-	-	(1,084,033)	-
Transfer to contingency reserve	-	-	1,053,653	-	-	-	(1,053,653)	-
At 30 June 2020 (Unaudited)	<u>26,500,000</u>	<u>7,845,154</u>	<u>12,239,252</u>	<u>447,420</u>	<u>(1,403,218)</u>	<u>(27,871)</u>	<u>15,612,537</u>	<u>61,213,274</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 six months ended 30 June 2020

		30 June 2020	30 June 2019
	Notes	RO (Unaudited)	RO (Unaudited)
Operating activities			
Profit before taxation		12,634,161	5,944,873
Adjustments for:			
Net (loss) / gain on investments at fair value through profit or loss		-	164,209
Expected credit loss/(release) of financial assets		9,959	(5,265)
Allowance for impaired debts		275,070	253,733
Accrual for end on service benefits		105,885	90,965
Interest income	18	(1,986,734)	(1,423,878)
Finance cost		93,244	37,607
Dividend income	18	(330,636)	(380,645)
Depreciation		437,435	404,854
Amortisation of Intangible Assets		11,798	11,798
Profit on disposal of property and equipment		-	(9,994)
		<u>11,250,182</u>	<u>5,088,257</u>
Changes in working capital:			
Premium and insurance balances receivable		(13,044,075)	(42,652,906)
Other receivables and prepayments		61,683	(7,134,973)
Reinsurers' share of outstanding claims		(2,398,910)	(698,464)
Reinsurers' share of actuarial / mathematical and unexpired risk reserve		(56,288)	2,035,055
Gross outstanding claims		7,147,899	7,281,676
Actuarial / mathematical and unexpired risk reserve		14,639,432	17,670,261
Due to reinsurers		4,055,832	7,618,209
Other liabilities		(18,068,447)	9,025,903
		<u>3,587,308</u>	<u>(1,766,982)</u>
End of service benefits paid		(16,322)	(19,369)
Income tax paid		(1,648,255)	(1,535,980)
Net cash from / (used in) operating activities		<u>1,922,731</u>	<u>(3,322,331)</u>
Investing activities			
Placement in bank deposits (net)		4,181,500	(61,906)
Purchase of property and equipment		(451,529)	(378,555)
Purchase of investment securities		(17,223,321)	(9,337,809)
Proceeds from disposal of investment securities		2,134,970	1,330,938
Proceeds from disposal of property and equipment		29,390	10,000
Interest received		1,460,768	1,098,334
Dividends received		331,919	380,644
Net movement in loans to policyholders		(8,981)	31,604
Net cash used in investing activities		<u>(9,545,284)</u>	<u>(6,926,750)</u>
Financing activities			
Finance cost paid		(93,244)	(37,607)
Dividend paid		(6,625,000)	(5,300,000)
Short term loans		6,650,000	5,900,000
Net cash (used in) / from financing activities		<u>(68,244)</u>	<u>562,393</u>
Net changes in cash and cash equivalents		<u>(7,690,797)</u>	<u>(9,686,688)</u>
Currency translation adjustment		(5,914)	(1,400)
Cash and cash equivalents at the beginning of the period	4	<u>19,025,565</u>	<u>17,836,250</u>
Cash and cash equivalents at the end of the period	4	<u>11,328,854</u>	<u>8,148,162</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 six months ended 30 June 2020

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 license 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 2019. 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 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the results for the six month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The comparative information, included in these unaudited interim condensed consolidated financial statements as at 30 June 2019, are for the six 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 2020 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 2019.

The Group has adopted standard, interpretation or amendment that has been issued and is effective as at 01 January 2020. Although these amendments apply for the first time in 2020, 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 six months ended 30 June 2020, 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 2019.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020
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 2019.

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) to be a pandemic. In addition, oil prices significantly dropped in January to March 2020 due to a number of political and economic factors. As a result, businesses have subsequently seen reduced volumes and, where governments mandated, temporary suspension of travel and closure of commercial establishments. The lockdowns have been partially or fully removed during second quarter in the geographies where the group has operations. However, restrictions on travel and percentage of staff attending office are still in place. The pandemic has impacted the Group as well and the Group has taken steps during this period to alleviate the impact of the event on its operations in terms of business levels, customer service levels and to be able to meet all regulatory requirements and follow all directives being issued by the Government in this regard. In terms of insurance operations, regulators in Oman and Dubai have mandated insurance companies to pay claims related to Covid-19 as per regulatory directives. Positive impact of the Covid lockdown restrictions was that the Company had lower claims reporting in second quarter 2020 in its medical and motor insurance business as compared to corresponding period of the previous year. The Company's investments have been impacted due to the fall in market prices of shares and bonds and the impact as at 30 June 2020 is accounted for in the financials. The Group has accounted for Expected Credit losses on its investments and Other receivables as well as provision for bad and doubtful debts on its Premiums and insurance balance receivables to the best of the management's knowledge to represent a fair value of these assets as at the reporting date. In terms of insurance liabilities, the Group has made estimates of claims reported and claims incurred but not reported based on available information to reflect amounts which as per the management's judgment is adequate to cover the liabilities as at the date of reporting.

Reimplementation of lock down in the geographies in which the Group operates and continued restrictions may potentially impact the Group in terms of reduction in business levels, deterioration of the value of its assets such as further reduction of market value of investments, increased provision requirements on its Premiums and insurance balance receivables and Other receivables, significant change in currency rates, etc. The extent and duration of the future impact of these conditions remain uncertain and cannot be accurately predicted at this stage. Similarly, quantum of Covid claims that may get incurred in future months cannot be predicted at this stage. A reliable estimate of such these impacts cannot be made at the date of authorisation of these financial statements.

4 Cash and cash equivalents

	30 June 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 June 2019 RO (Unaudited)
Balances with banks	11,300,864	19,012,920	8,129,004
Cash in hand	27,990	12,645	19,158
Cash and cash equivalents	11,328,854	19,025,565	8,148,162
Less: ECL on cash and bank balances	(12,910)	(21,335)	(14,096)
Cash and cash equivalents – net of ECL	11,315,944	19,004,230	8,134,066

5 Bank deposits

	30 June 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 June 2019 RO (Unaudited)
Deposits	33,222,995	37,404,495	35,003,975
Less: ECL on bank deposits	(45,153)	(55,799)	(39,231)
	33,177,842	37,348,696	34,964,744

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 Jun 2019
6 Investment securities

	30 June 2020	31 December 2019	30 June 2019
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Investments carried at amortised cost	6(a) 14,213,702	2,569,435	9,240,914
Investment carried at fair value through other comprehensive income	6(b) 33,233,816	31,709,063	23,633,964
	47,447,518	34,278,498	32,874,878

6 (a) Investments carried at amortised cost

	30 June 2020	31 December 2019	30 June 2019
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Bonds - over one year from the date of inception	14,240,430	2,570,577	9,247,935
Less: ECL on Investments carried at amortised cost	(26,728)	(1,142)	(7,021)
	14,213,702	2,569,435	9,240,914
Annual interest rates	4% to 6.75%	4% to 5.25%	4% to 6.75%

(i) Movement in investments carried at amortised cost:

	30 June 2020	31 December 2019	30 June 2019
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
At 1 January	2,569,435	2,871,739	2,871,739
Additions during the period / year	11,673,001	8,559,355	6,371,616
Matured during the period / year	-	(9,622,473)	(7,364)
Amortisation during the year	(3,148)	45,450	-
Realised gain on disposal	-	704,562	-
Movement in Expected credit losses	(25,586)	10,802	4,923
At 30 June / 31 December	14,213,702	2,569,435	9,240,914

6 (b) Investments carried at fair value through other comprehensive income (FVOCI)

	30 June 2020		31 December 2019		30 June 2019	
	Market value RO (Unaudited)	Cost RO (Unaudited)	Market value RO (Audited)	Cost RO (Audited)	Market value RO (Unaudited)	Cost RO (Unaudited)
Local						
Quoted	23,208,046	24,186,050	24,398,250	23,674,780	14,880,272	15,197,679
	23,208,046	24,186,050	24,398,250	23,674,780	14,880,272	15,197,679
Foreign						
Unquoted	119,579	853,449	119,579	853,449	119,579	853,449
Quoted	9,906,191	9,881,399	7,191,234	7,110,416	8,634,113	9,218,360
	10,025,770	10,734,848	7,310,813	7,963,865	8,753,692	10,071,809
	33,233,816	34,920,898	31,709,063	31,638,645	23,633,964	25,269,488

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020
6 Investment securities (continued)
6 (b) Investments carried at fair value through other comprehensive income (FVOCI) (continued)

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

	30 June 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 June 2019 RO (Unaudited)
At 1 January	31,709,063	21,153,006	21,153,006
Additions during the period / year	5,550,320	14,736,391	2,958,568
Disposals during the period / year	(1,967,712)	(4,817,789)	(187,660)
Fair value change	(2,057,855)	637,455	(289,950)
At 30 June / 31 December	<u>33,233,816</u>	<u>31,709,063</u>	<u>23,633,964</u>

Fair Value changes above are disclosed net of tax in the other comprehensive income as Change in value of debt investments carried at FVOCI - loss of RO 730,916 (30 June 2019 – gain of 93,169) and Change in value of investments carried at FVOCI – loss of RO 1,167,818 (30 June 2019 – loss of 371,854). In accordance with IFRS 9, upon disposal of debt investments carried at FVOCI, the resulting realized gain or loss since inception will be reclassified to profit or loss whereas upon disposal of investments carried at FVOCI the resulting realized gain or loss since inception will not be reclassified to profit or loss and will be transferred to retained earnings.

6 (c) Investment in subsidiaries

		30 June 2020 Carrying value RO		31 December 2019 Carrying value RO		30 June 2019 Carrying value RO	
	Country Holding %		Holding %		Holding %		
NLGIC support services Pvt. Ltd. (NSSPL)	India	100.00	232,753	100.00	216,390	100.00	226,142
Inayah TPA LLC	UAE	100.00	581,161	100.00	565,865	100.00	890,867
		<u>813,914</u>		<u>782,255</u>		<u>1,117,009</u>	

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7 Premiums and insurance balance receivables

	30 June 2020			31 December 2019			30 June 2019		
	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	60,279,408	4,438,843	64,718,251	42,816,304	4,150,449	46,966,753	63,311,688	3,863,931	67,175,619
Reinsurance balances receivable	13,202,421	251,310	13,453,731	18,037,630	123,524	18,161,154	20,213,239	69,774	20,283,013
	73,481,829	4,690,153	78,171,982	60,853,934	4,273,973	65,127,907	83,524,927	3,933,705	87,458,632
Allowance for impaired debts	(1,112,641)	(770,999)	(1,883,640)	(902,761)	(705,809)	(1,608,570)	(913,336)	(395,928)	(1,309,264)
	72,369,188	3,919,154	76,288,342	59,951,173	3,568,164	63,519,337	82,611,591	3,537,777	86,149,368
Movement in allowance for impaired debts									
At 1 January	902,761	705,809	1,608,570	735,001	320,530	1,055,531	735,001	320,530	1,055,531
Provided during the period / year	209,880	65,190	275,070	230,674	379,354	610,028	178,335	75,398	253,733
Written off during the period / year	-	-	-	(62,914)	5,925	(56,989)	-	-	-
At 30 June / 31 December	1,112,641	770,999	1,883,640	902,761	705,809	1,608,570	913,336	395,928	1,309,264

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8 Other receivables and prepayments

	30 June 2020	31 December 2019	30 June 2019
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Receivable from other insurance companies and individuals	1,303,592	1,190,444	1,060,190
Receivable from medical providers	4,499,993	4,536,002	4,615,465
Other receivables	3,538,999	3,702,307	5,646,542
Accrued interest	1,401,462	902,457	1,171,314
Deferred acquisition costs	7,739	7,739	12,508
	10,751,785	10,338,949	12,506,019
Provision for doubtful debts	(317,591)	(317,591)	(279,207)
Expected credit losses of other receivables	(4,490)	(5,645)	(4,774)
	10,429,704	10,015,713	12,222,038

9 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 43,910,156 (31 December 2019 - RO 42,256,223 and 30 June 2019 - RO 33,363,222). 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 991,142 (31 December 2019 - RO 991,142 and 30 June 2019 - RO 464,142) and RO 1,879,150 (31 December 2019 - RO 1,879,150 and 30 June 2019 - 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 2019 - RO 50,000 and 30 June 2019 - RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

In Oman, the Group has an credit facility of RO 5,000,000 (31 December 2019 - RO 1,900,000 and 30 June 2019 - 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. In UAE, the Group has an credit facility of RO 3,689,000 (31 December 2019 - Nil and 30 June 2019 - Nil) with local bank which are secured by way of 110% of amount held under fixed deposit with the bank.

10 Share capital

	30 June 2020	31 December 2019	30 June 2019
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
At 30 June / 31 December	26,500,000	26,500,000	26,500,000
Number of shares	265,000,000	265,000,000	265,000,000

11 Dividends paid

Shareholders in annual general meeting dated 13 May 2020 (2019 - annual general meeting dated 27 March 2019) approved cash dividend of RO 6,625,000 (31 December 2019 – cash dividend of RO 5,300,000) which has been paid.

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12 Claims

Life and general	30 June 2020			31 December 2019			30 June 2019		
	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	15,095,173	(4,427,985)	10,667,188	17,004,173	(6,343,482)	10,660,691	17,004,173	(6,343,482)	10,660,691
- Incurred but not reported	6,609,417	(1,592,128)	5,017,289	8,043,835	(3,377,069)	4,666,766	8,043,835	(3,377,069)	4,666,766
	<u>21,704,590</u>	<u>(6,020,113)</u>	<u>15,684,477</u>	25,048,008	(9,720,551)	15,327,457	25,048,008	(9,720,551)	15,327,457
Add: Claims provided during the period / year	49,433,090	(12,485,627)	36,947,463	113,342,713	(33,420,979)	79,921,734	56,051,863	(18,335,770)	37,716,093
Less: Claims paid during the period / year	(42,285,191)	10,086,717	(32,198,474)	(116,686,131)	37,121,417	(79,564,714)	(48,770,187)	17,637,306	(31,132,881)
At 30 June / 31 December	<u>28,852,489</u>	<u>(8,419,023)</u>	<u>20,433,466</u>	<u>21,704,590</u>	<u>(6,020,113)</u>	<u>15,684,477</u>	<u>32,329,684</u>	<u>(10,419,015)</u>	<u>21,910,669</u>
Analysis of outstanding claims at 30 June / 31 December									
- Claims incurred	22,503,260	(6,756,253)	15,747,007	15,095,173	(4,427,985)	10,667,188	24,853,296	(8,031,878)	16,821,418
- Incurred but not reported	6,349,229	(1,662,770)	4,686,459	6,609,417	(1,592,128)	5,017,289	7,476,388	(2,387,137)	5,089,251
	<u>28,852,489</u>	<u>(8,419,023)</u>	<u>20,433,466</u>	<u>21,704,590</u>	<u>(6,020,113)</u>	<u>15,684,477</u>	<u>32,329,684</u>	<u>(10,419,015)</u>	<u>21,910,669</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 June 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 June 2019 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve - life assurance			
Gross	64,883,724	50,293,461	63,249,690
Reinsurers' share	(13,394,882)	(13,292,219)	(15,840,085)
	51,488,842	37,001,242	47,409,605
Unexpired risk reserve – general insurance			
Gross	8,158,889	8,109,720	7,383,185
Reinsurers' share	(206,281)	(252,656)	(532,827)
	7,952,608	7,857,064	6,850,358
Actuarial / mathematical and unexpired risk reserve – total			
Gross	73,042,613	58,403,181	70,632,875
Reinsurers' share	(13,601,163)	(13,544,875)	(16,372,912)
	59,441,450	44,858,306	54,259,963

Movement during the period / year:

	30 June 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 June 2019 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve – life assurance			
At 1 January	37,001,242	27,506,438	27,506,438
Net movement in the statement of comprehensive income	14,487,600	9,494,804	19,903,167
At 30 June / 31 December	51,488,842	37,001,242	47,409,605
Unexpired risk reserve – general insurance			
At 1 January	7,857,064	7,048,209	7,048,209
Net movement in the statement of comprehensive income	95,544	808,855	(197,851)
At 30 June / 31 December	7,952,608	7,857,064	6,850,358

14 Due to reinsurers

	30 June 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 June 2019 RO (Unaudited)
Reinsurance balances payable – life insurance	12,261,012	8,278,692	9,513,071
Reinsurance balances payable – general insurance	632,379	558,867	659,442
	12,893,391	8,837,559	10,172,513

15 Other liabilities

	30 June 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 June 2019 RO (Unaudited)
Accounts payable	5,476,526	22,753,876	17,534,744
Commission Payable	7,543,022	7,269,151	8,094,462
Accrued expenses	3,759,587	4,061,379	3,244,100
Other payables	4,431,794	5,050,916	5,026,146
End of service benefits	859,751	770,188	712,043
	22,070,680	39,905,510	34,611,495

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16 Contingent liabilities
(a) Contingencies

At 30 June 2020, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 255,102 (31 December 2019 - RO 324,193 and 30 June 2019 – RO 304,916) 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 June 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 June 2019 RO (Unaudited)
Net assets (RO)	<u>61,213,274</u>	<u>58,902,596</u>	<u>53,221,622</u>
Number of shares outstanding at 30 June / 31 December	<u>265,000,000</u>	<u>265,000,000</u>	<u>265,000,000</u>
Net assets per share (RO)	<u>0.231</u>	<u>0.222</u>	<u>0.201</u>

18 Investment income – net

	30 June 2020 RO (Unaudited)	30 June 2019 RO (Unaudited)
Interest income on bank deposits and other investments	715,418	697,357
Interest income on bonds, net of amortisation charge	1,277,543	715,664
Interest income on loans to policy holders	(6,227)	10,857
Dividend income	330,636	380,645
Net realised gain on investment carried at fair value through profit or loss and investment carried at amortised cost	<u>-</u>	<u>(164,209)</u>
	<u>2,317,370</u>	<u>1,640,314</u>
Investment acquisition cost and portfolio management fees	(48,562)	(13,004)
	<u>2,268,808</u>	<u>1,627,310</u>

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19 Income tax

	30 June 2020	30 June 2019
	RO	RO
	(Unaudited)	(Unaudited)
Statement of comprehensive income:		
Current tax		
- For the year	1,831,255	925,777
- For prior years	8,158	(85,151)
Deferred tax	(45,578)	(38,988)
	<u>1,793,835</u>	<u>801,638</u>
	30 June 2020	31 December 2019
	RO	RO
	(Unaudited)	(Audited)
Current liability		30 June 2019
Income tax payable	<u>1,824,439</u>	<u>920,967</u>
Non-current asset		
Deferred tax asset	<u>448,221</u>	<u>336,981</u>

The tax rate applicable to the Parent Company is 15% (30 June 2019 – 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 six months ended as follows:

	30 June 2020	30 June 2019
	(Unaudited)	(Unaudited)
Profit for the six months ended (RO)	<u>10,840,326</u>	<u>5,143,235</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>0.041</u>	<u>0.019</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.

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For the six months ended 30 June 2020
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 June 2020 (Unaudited)	RO	RO	RO	RO	RO	RO	RO
Statement of comprehensive income							
Gross premium income	1,214,012	120,860	-	810,469	-	-	282,683
Claims expense	890,236	23,075	-	697,348	-	-	169,813
Reinsurer's share of claims paid	2,981	-	-	2,981	-	-	-
Interest income on deposits	232,448	-	-	232,448	-	-	-
Income from bonds and equity	311,506	108,603	-	202,903	-	-	-
Commission expense	313,124	-	-	120,031	-	-	193,093
Other expenses	143,666	-	-	121,444	-	-	22,223
Director sitting fees	9,000	-	9,000	-	-	-	-
Directors' remuneration	91,000	-	91,000	-	-	-	-
Other Transactions							
Short Term Loan taken	2,250,000	-	-	2,250,000	-	-	-
Bond purchase	495,000	495,000	-	-	-	-	-
Liquidation of Deposit	4,000,000	-	-	4,000,000	-	-	-
Increase in bank balances	64,218	-	-	64,218	-	-	-
Decrease in bank balances	6,670,367	-	-	6,670,367	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	91,000	-	91,000	-	-	-	-
Claims payable to related parties	482,095	5,893	-	389,707	-	-	86,495
Commission payable	357,233	-	-	24,539	-	-	332,694
Payable to related parties	4,256,511	-	-	4,256,511	-	-	-
Receivable from related parties	23,978	-	-	16,958	7,020	-	-
Bank balances	657,993	-	-	657,993	-	-	-
Fixed deposits balances	8,675,000	-	-	8,675,000	-	-	-
Premium receivable from related parties	516,276	3,669	-	229,234	-	-	283,372
Investment in Bonds	4,045,000	2,795,000	-	1,250,000	-	-	-
Reinsurance balance receivable	14,725	-	-	14,725	-	-	-
Accrued interest receivable	213,444	-	-	213,444	-	-	-

During January to June 2020, subsidiary in India (NSSPL) has charged the parent company service fees of RO 229,495. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 22,276. Carrying value of investment as on 30.06.2020 is RO 232,753 and due to NSSPL as at 30.06.2020 is RO 39,090.

During January to June 2020, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 231,089. The Parent Company has accounted Inayah Share of profit from subsidiary of RO 15,297. Carrying value of investment as on 30.06.2020 is RO 581,161, it's related intangibles are RO 337,955 and due to Inayah TPA LLC as at 30.06.2020 is RO 92,563.

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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 June 2019 (Unaudited)	RO	RO	RO	RO	RO	RO	RO
Statement of comprehensive income							
Gross premium income	1,896,105	101,237	4,084	1,517,399	-	-	273,385
Claims expense	1,153,113	25,604	-	888,243	-	-	239,266
Interest income on deposits	220,713	-	-	220,713	-	-	-
Income from bonds and equity	284,875	88,881	-	195,994	-	-	-
Commission expense	234,160	-	-	84,194	-	-	149,967
Other expenses	95,401	-	-	80,428	-	-	14,973
Director sitting fees	8,500	-	8,500	-	-	-	-
Directors' remuneration	91,500	-	91,500	-	-	-	-
Other Transactions							
Short Term Loan	4,000,000	-	-	4,000,000	-	-	-
Placement of Deposit	650,000	-	-	650,000	-	-	-
Liquidation of Deposit	150,000	-	-	150,000	-	-	-
Movement in bank balances	1,236,611	-	-	1,236,611	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	91,500	-	91,500	-	-	-	-
Claims payable to related parties	722,707	11,739	-	577,614	-	-	133,354
Commission payable	426,880	-	-	15,515	-	-	411,366
Payable to related parties	4,003,612	-	-	4,003,612	-	-	-
Receivable from related parties	330,823	-	-	320,471	10,352	-	-
Bank balances	2,687,891	-	-	2,687,891	-	-	-
Fixed deposits/Bonds balances	10,675,000	-	-	10,675,000	-	-	-
Premium receivable from related parties	884,046	101,898	4,084	452,799	-	-	325,264
Investment in Bonds	3,550,000	2,300,000	-	1,250,000	-	-	-
Accrued interest receivable	219,013	-	-	219,013	-	-	-

During January to June 2019, subsidiary in India (NSSPL) has charged the parent company service fees of RO 227,527. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 32,852. Carrying value of investment as on 30.06.2019 is RO 226,142 and due to NSSPL as at 30.06.2019 is RO 12,357.

During January to June 2019, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 164,055. The Parent Company has accounted Inayah Share of loss from subsidiary of RO 16,016. Carrying value of investment as on 30.06.2019 is RO 890,867, it's related intangibles are RO 361,552 and due to Inayah TPA LLC as at 30.06.2019 is RO 236,380.

No major provision has been required during six months ended 30 June 2020 (30 June 2019 – 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 June 2020	30 June 2019
	RO	RO
	(Unaudited)	(Unaudited)
Short-term benefits	313,412	299,729
Employees' end of service benefits & leave salary accrual	51,235	41,763
	364,647	341,492
Number of key management personnel	9	9

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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 six months ended 30 June 2020 and 30 June 2019.

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 June 2020 (Unaudited)	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	77,650,209	9,523,618	-	87,173,827
Movement in unearned premiums	(14,590,263)	(49,169)	-	(14,639,432)
Gross premiums earned	63,059,946	9,474,449	-	72,534,395
Insurance premium ceded to reinsurers	(13,865,093)	(521,230)	-	(14,386,323)
Movement in unearned premiums	102,663	(46,375)	-	56,288
Premium ceded to reinsurers, earned	(13,762,430)	(567,605)	-	(14,330,035)
Net premiums	49,297,516	8,906,844	-	58,204,360
Claims	(45,793,798)	(3,639,292)	-	(49,433,090)
Reinsurers' share of claims	12,105,333	380,294	-	12,485,627
Net claims	(33,688,465)	(3,258,998)	-	(36,947,463)
Income from policy fees	67,208	500,141	-	567,349
Commission income on premium ceded to reinsurers	1,797,071	(39,284)	-	1,757,787
Commission expense	(5,284,056)	(1,153,521)	-	(6,437,577)
Net underwriting results	12,189,274	4,955,182	-	17,144,456
Investment income – net	1,587,938	718,443	(37,573)	2,268,808
ECL on financial assets	(5,255)	(4,704)	-	(9,959)
Other operating (loss) / income	(15,232)	4,041	-	(11,191)
Third party administration fees	(604,137)	-	-	(604,137)
General and administrative expenses	(4,620,943)	(1,427,831)	-	(6,048,774)
Finance cost	(93,244)	-	-	(93,244)
Amortisation of intangible assets	(11,798)	-	-	(11,798)
Income tax	(1,194,511)	(599,324)	-	(1,793,835)
Profit for the period	7,232,092	3,645,807	(37,573)	10,840,326

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**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2020**
22 Segmental information (continued)
22.1 Primary reporting format - business segments (continued)

30 June 2019 (Unaudited)	Life and medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	80,552,542	8,471,880	-	89,024,422
Movement in unearned premiums	<u>(17,850,385)</u>	<u>180,124</u>	-	<u>(17,670,261)</u>
Gross premiums earned	<u>62,702,157</u>	<u>8,652,004</u>	-	<u>71,354,161</u>
Insurance premium ceded to reinsurers	(17,198,878)	(684,582)	-	(17,883,460)
Movement in unearned premiums	<u>(2,052,782)</u>	<u>17,727</u>	-	<u>(2,035,055)</u>
Premium ceded to reinsurers, earned	<u>(19,251,660)</u>	<u>(666,855)</u>	-	<u>(19,918,515)</u>
Net premiums	<u>43,450,497</u>	<u>7,985,149</u>	-	<u>51,435,646</u>
Claims	(51,198,258)	(4,853,605)	-	(56,051,863)
Reinsurers' share of claims	<u>17,958,905</u>	<u>376,865</u>	-	<u>18,335,770</u>
Net claims	<u>(33,239,353)</u>	<u>(4,476,740)</u>	-	<u>(37,716,093)</u>
Income from policy fees	548,043	298,823	-	846,866
Commission income on premium ceded to reinsurers	2,599,493	123,670	-	2,723,163
Commission expense	<u>(5,500,287)</u>	<u>(967,463)</u>	-	<u>(6,467,750)</u>
Net underwriting results	7,858,393	2,963,439	-	10,821,832
Investment income – net	1,053,502	590,644	(16,836)	1,627,310
ECL on financial assets	(8,602)	13,867	-	5,265
Other operating income	38,225	2,106	-	40,331
Third party administration fees	(951,000)	-	-	(951,000)
General and administrative expenses	(4,065,997)	(1,483,463)	-	(5,549,460)
Finance cost	(37,607)	-	-	(37,607)
Amortisation of intangible assets	(11,798)	-	-	(11,798)
Income tax	<u>(521,213)</u>	<u>(280,425)</u>	-	<u>(801,638)</u>
Profit for the period	<u>3,353,903</u>	<u>1,806,168</u>	<u>(16,836)</u>	<u>5,143,235</u>
	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
30 June 2020 (Unaudited)				
Segment assets	<u>174,120,734</u>	<u>35,371,719</u>	<u>(945,567)</u>	<u>208,546,886</u>
Segment liabilities	<u>127,481,428</u>	<u>19,983,837</u>	<u>(131,653)</u>	<u>147,333,612</u>
31 December 2019 (Audited)				
Segment assets	<u>157,158,303</u>	<u>35,289,371</u>	<u>(1,057,963)</u>	<u>191,389,711</u>
Segment liabilities	<u>103,687,498</u>	<u>29,075,325</u>	<u>(275,708)</u>	<u>132,487,115</u>
30 June 2019 (Unaudited)				
Segment assets	<u>177,626,382</u>	<u>31,166,969</u>	<u>(1,004,194)</u>	<u>207,789,157</u>
Segment liabilities	<u>127,925,696</u>	<u>26,890,576</u>	<u>(248,737)</u>	<u>154,567,535</u>

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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 six months ended 30 June 2020 and 30 June 2019.

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 June 2020 (Unaudited)						
Gross premium written	43,188,949	42,950,562	1,034,316	-	-	87,173,827
Movement in unearned premiums	(11,003,973)	(3,704,931)	69,472	-	-	(14,639,432)
Gross premiums earned	32,184,976	39,245,631	1,103,788	-	-	72,534,395
Insurance premium ceded to reinsurers	(1,576,649)	(12,771,838)	(37,836)	-	-	(14,386,323)
Movement in unearned premiums	(190,197)	406,078	(159,593)	-	-	56,288
Premium ceded to reinsurers, earned	(1,766,846)	(12,365,760)	(197,429)	-	-	(14,330,035)
Net premiums	30,418,130	26,879,871	906,359	-	-	58,204,360
Claims	(18,553,781)	(30,421,519)	(457,790)	-	-	(49,433,090)
Reinsurers' share of claims	2,667,202	9,671,487	146,938	-	-	12,485,627
Net claims	(15,886,579)	(20,750,032)	(310,852)	-	-	(36,947,463)
Income from policy fees	533,373	10,377	23,599	-	-	567,349
Commission income on premium ceded to reinsurers	(17,009)	1,772,698	2,098	-	-	1,757,787
Commission expense	(2,555,963)	(3,715,013)	(166,601)	-	-	(6,437,577)
Net underwriting results	12,491,952	4,197,901	454,603	-	-	17,144,456
Investment income – net	1,771,277	427,519	107,585	-	(37,573)	2,268,808
ECL on financial assets	(5,144)	2,128	(6,943)	-	-	(9,959)
Other operating (loss) / income	(12,226)	(2,997)	4,032	-	-	(11,191)
Third party administration fees	(75,648)	(963,709)	(25,364)	460,584	-	(604,137)
General and administrative expenses	(3,813,217)	(1,554,772)	(269,598)	(411,187)	-	(6,048,774)
Finance cost	(89,080)	(4,164)	-	-	-	(93,244)
Amortisation of intangible assets	(11,798)	-	-	-	-	(11,798)
Income tax	(1,782,011)	-	-	(11,824)	-	(1,793,835)
Profit / (loss) for the period	8,474,105	2,101,906	264,315	37,573	(37,573)	10,840,326

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for the six months ended 30 June 2020**
22 Segmental information (continued)
22.2 Primary reporting format - geographic segments (continued)
Geographic Information (continued)

	Oman RO	UAE RO	Kuwa RO	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 June 2019 (Unaudited)						
Gross premium written	42,127,849	45,614,926	1,281,647	-	-	89,024,422
Movement in unearned premiums	(10,917,538)	(6,621,884)	(130,839)	-	-	(17,670,261)
Gross premiums earned	31,210,311	38,993,042	1,150,808	-	-	71,354,161
Insurance premium ceded to reinsurers	(2,596,359)	(14,945,234)	(341,867)	-	-	(17,883,460)
Movement in unearned premiums	(2,698,000)	707,368	(44,423)	-	-	(2,035,055)
Premium ceded to reinsurers, earned	(5,294,359)	(14,237,866)	(386,290)	-	-	(19,918,515)
Net premiums	25,915,952	24,755,176	764,518	-	-	51,435,646
Claims	(21,488,861)	(33,488,315)	1,074,687	-	-	(56,051,863)
Reinsurers' share of claims	4,817,917	12,961,585	556,268	-	-	18,335,770
Net claims	(16,670,944)	(20,526,730)	(518,419)	-	-	(37,716,093)
Income from policy fees	441,724	397,079	8,063	-	-	846,866
Commission income on premium ceded to reinsurers	430,494	2,292,074	595	-	-	2,723,163
Commission expense	(2,250,478)	(4,043,174)	(174,098)	-	-	(6,467,750)
Net underwriting results	7,866,748	2,874,425	80,659	-	-	10,821,832
Investment income - net	1,206,917	414,995	22,234	-	(16,836)	1,627,310
ECL on financial assets	6,893	(1,568)	(60)	-	-	5,265
Other operating income / (loss)	21,177	16,171	2,983	-	-	40,331
Third party administration fees	(113,028)	(1,171,583)	(57,971)	391,582	-	(951,000)
General and administrative expenses	(3,369,011)	(1,578,649)	(230,156)	(371,644)	-	(5,549,460)
Finance cost	(34,977)	(2,630)	-	-	-	(37,607)
Amortisation of intangible assets	(11,798)	-	-	-	-	(11,798)
Income tax	(798,536)	-	-	(3,102)	-	(801,638)
Profit / (loss) for the period	4,774,385	551,161	(182,311)	16,836	(16,836)	5,143,235
					Adjustments and eliminations RO	Total RO
30 June 2020 (Unaudited)						
Segment assets	111,351,465	88,180,454	8,212,911	1,747,623	(945,567)	208,546,886
Segment liabilities	77,622,168	66,361,085	2,548,303	933,709	(131,653)	147,333,612
31 December 2019 (Audited)						
Segment assets	94,284,490	92,300,833	4,504,632	1,357,719	(1,057,963)	191,389,711
Segment liabilities	60,558,520	69,027,372	2,601,467	575,464	(275,708)	132,487,115
30 June 2019 (Unaudited)						
Segment assets	106,946,063	96,337,862	4,604,814	904,612	(1,004,194)	207,789,157
Segment liabilities	73,936,479	78,107,992	2,622,646	149,155	(248,737)	154,567,535

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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 2019. There have been no material changes in the risk management policies since year ended 31 December 2019.

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 June 2020 (Unaudited)	Level 1	Level 2	Total
Investments	<u>33,114,237</u>	<u>119,579</u>	<u>33,233,816</u>
31 December 2019 (Audited)	Level 1	Level 2	Total
Investments	<u>31,589,484</u>	<u>119,579</u>	<u>31,709,063</u>
30 June 2019 (Unaudited)	Level 1	Level 2	Total
Investments	<u>23,514,385</u>	<u>119,579</u>	<u>23,633,964</u>

There were no transfers between any levels mentioned above.

25 Prior period adjustments

The Group has reclassified the following for the comparative figures of six months ended 30 June 2019:

- commission payable to intermediaries from premiums and insurance balances receivable to other liabilities and
- receivable from medical providers (towards volume rebates or discounts and advances) from other liabilities to other receivables and prepayments

The above reclassification has resulted in changes as presented below for the comparative figures of six months ended 30 June 2019 to maintain consistency. Such reclassifications have not resulted in change in last year's reported profit and equity.

	30 June 2019 (as previously reported) RO	Reclassification RO	30 June 2019 (as reported) RO
Premiums and insurance balances receivable	77,781,344	8,368,024	85,875,806
Other receivables and prepayments	7,924,549	4,297,489	12,222,038
Other liabilities	(21,945,983)	(12,665,513)	(34,611,496)

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six months ended 30 June 2020

25 Prior period adjustments (continued)

The Group has reclassified the following for the comparative figures of year ended 31 December 2019:

- (i) a subsidiary of the Group has reclassified the other receivable and other liabilities as at 31st December 2019 which is incorporated in the consolidated group figures for 31st December 2019 are also reclassified.
- (ii) the Group has also reclassified discount receivable from medical providers from other liabilities to other receivables and prepayments for the comparative figures of 31 December 2019.

The above reclassification has resulted in changes as presented below for the comparative figures of year ended 31 December 2019 to maintain consistency. Such reclassifications have not resulted in change in last year's reported profit and equity.

	31 December 2019 (as previously reported) RO	Reclassification RO	31 December 2019 (as reported) RO
Other receivables and prepayments receivable	6,843,580	3,172,133	10,015,713
Other liabilities	(36,733,377)	(3,172,133)	(39,905,510)