

Directors' Report

For six months ended 30 June 2018

Dear Shareholders,

On behalf of the Board of Directors of National Life & General Insurance Co SAOG ("the Company" or "NLGIC"), I have the pleasure to present to you the unaudited results of the group for the six months period ended 30 June 2018.

Performance Highlights

Insurance Operations and Net Underwriting Results:

Gross Written Premium (GWP) has grown by 19% to RO 81.7 million as compared to RO 68.4 million in the corresponding period of the previous year. The Net Underwriting Result (NUR) is RO 10.6 million which is 16% higher than RO 9.2 million in the corresponding period of the previous year. The key contributors to the growth in GWP and NUR are the Group Medical business followed by Motor business during the half year ended 30 June 2018.

Amounts in OR'000	Jan-Jun 2018	Jan-Jun 2017	Variance
Gross premium	81,702	68,432	19%
Net Underwriting Result	10,606	9,179	16%
Investment Income	1,487	1,234	21%
Profit after Tax	5,362	4,704	14%

Impact of Mekunu Cyclone:

The Company has received notification of some claims in respect of damages due to Mekunu Cyclone which hit Salalah in end of May 2018. The net financial impact of the claims reported is not expected to be material to the company's financial position due to well-structured reinsurance arrangements.

Investments:

Investment Income has increased to RO 1.5 million as compared to RO 1.2 million in the corresponding period of the previous year (21% higher). The investment income during the half year is driven by the dividend income from equities and fixed income from deposits and bonds.

Net Profit After Tax (NPAT):

The company continues to deliver strong financial performance in terms of Net Profit after Tax for the half year of 2018. The NPAT at RO 5.4 million is 14% higher than the NPAT of RO 4.7 million in the corresponding period of the previous year.

Risk & Internal Control Review

The Company recognizes that risk is an integral element of the business and risk management is essential for the generation of shareholder value. The risk governance structure of the company consists of the Board, the Audit and Controls Committee, other committees of the Board, the risk department and the management of the company. The Board approved risk policy details identification, measurement, monitoring and controls relating to various individual risks namely strategic, regulatory, financial, operational, information technology, hazard and disaster risks.

The Board attaches significant importance to a robust internal control environment. The company has appropriate systems of internal controls and the Board along with the Audit and Controls Committee periodically reviews its effectiveness.

Future Outlook

The Company aims to maintain its leadership position in Oman and increase its market share in UAE. Newly started Kuwait branch is being considered as one of the key sources of growth and profitability for future years. Oman Motor business is growing rapidly in terms of GWP as well as NUR and there are plans to further increase revenues from this line of business. The company aims to maintain sustained profitability and show consistent results across the key performance indicators such as gross written premiums, net underwriting results, investment income and net profits.

Acknowledgements

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

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

We extend our heartfelt greetings to His Majesty Sultan Qaboos Bin Said and the people of Oman on the blessed occasion of the 48th Renaissance day.



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 30 JUNE 2018**

Principal place of business:

Building No: 115, Plot No: 330
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 30 JUNE 2018**

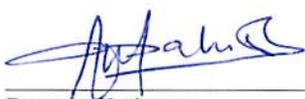
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NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

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

	Notes	30 June 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 June 2017 RO (Audited)
ASSETS				
Cash and cash equivalents	4	4,600,973	8,119,632	10,977,900
Bank deposits	5	46,567,130	49,698,915	43,015,859
Premiums and insurance balance receivables	7	55,538,434	38,464,436	42,299,626
Reinsurers' share of outstanding claims	12	13,219,451	8,654,676	13,799,085
Reinsurers' share of actuarial / mathematical and unexpired risk reserve	13	23,262,414	14,940,878	19,846,562
Other receivables and prepayments		4,149,356	3,196,049	3,639,797
Investments at fair value through profit or loss	6(a)	2,983,345	2,571,628	2,560,012
Investments carried at amortised cost	6(b)	7,363	18,662	18,662
Investments carried at fair value through other comprehensive income	6(c)	14,710,880	12,930,004	8,888,668
Loans to policyholders		231,630	259,224	354,592
Investment property	9	1,150,000	1,150,000	1,150,000
Property and equipment		1,815,949	1,436,215	1,442,720
Deferred tax asset	19	279,107	190,999	183,044
Goodwill		336,830	336,830	146,490
Total assets		168,852,862	141,968,148	148,323,017
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	10	26,500,000	26,500,000	26,500,000
Legal reserve		5,346,553	4,810,390	4,440,389
Contingency reserve		8,698,691	7,733,953	7,122,357
Revaluation reserve		447,420	447,420	447,420
Fair value reserve		(1,188,960)	(833,162)	(875,793)
Foreign exchange fluctuation reserve		(2,364)	9,532	5,505
Retained earnings		10,154,270	10,796,443	8,060,787
Total equity		49,955,610	49,464,576	45,700,665
LIABILITIES				
Gross outstanding claims	12	33,038,725	22,421,935	32,331,300
Gross actuarial / mathematical and unexpired risk reserve	13	64,398,185	45,756,791	57,117,152
Due to reinsurers	14	7,882,548	2,809,486	4,748,342
Other liabilities	15	11,625,051	20,014,272	6,566,147
Short term loan and overdraft from banks		1,000,000	-	1,000,000
Income tax payable	19	952,743	1,501,088	859,411
Total liabilities		118,897,252	92,503,572	102,622,352
Total equity and liabilities		168,852,862	141,968,148	148,323,017
Net assets per share	17	0.189	0.187	0.172

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 19 July 2018 and were signed on their behalf by



Deputy 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 2018

	Notes	30 June 2018 RO (Unaudited)	30 June 2017 RO (Audited)
Gross written premium		<u>81,702,260</u>	<u>68,432,149</u>
Gross premium, earned		63,060,866	58,567,314
Premium ceded to reinsurers, earned		<u>(24,554,758)</u>	<u>(24,443,222)</u>
Net insurance premium revenue		38,506,108	34,124,092
Commission income on premium ceded to reinsurers		5,647,511	4,672,216
Income from policy fees		976,504	869,669
Gross claims expense		<u>(47,085,285)</u>	<u>(42,762,948)</u>
Reinsurers' share of claims		18,802,398	17,553,137
Commission expense		<u>(6,240,893)</u>	<u>(5,277,628)</u>
Net underwriting result		10,606,343	9,178,538
Investment income – net	18	1,487,417	1,233,992
Other operating expense / income		(23,496)	26,738
Third party administration fees		<u>(1,020,693)</u>	<u>(1,020,931)</u>
General and administrative expenses		<u>(4,747,327)</u>	<u>(3,834,987)</u>
Finance cost		<u>(7,014)</u>	<u>(67,065)</u>
Profit before income tax		6,295,230	5,516,285
Income tax	19	<u>(933,601)</u>	<u>(812,776)</u>
Profit for the period		5,361,629	4,703,509
Other comprehensive expense			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(11,896)	5,505
Change in value of debt investments carried at fair value through other comprehensive income		<u>(117,287)</u>	107,548
Items that will not be reclassified to profit or loss:			
Change in value of investments carried at fair value through other comprehensive income		<u>(171,288)</u>	<u>(438,629)</u>
Other comprehensive expense for the period		(300,471)	(325,576)
Total comprehensive income for the period		5,061,158	4,377,933
Earnings per share - basic and diluted	20	<u>0.020</u>	<u>0.018</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 six months ended 30 June 2018

	Share capital RO	Legal reserve RO	Contingency reserve RO	Revaluation reserve RO	Fair value reserve RO	Foreign exchange fluctuation reserve RO	Retained earnings RO	Total equity RO
At 1 January 2017	26,500,000	3,970,038	6,366,767	447,420	(567,896)	-	7,661,653	44,377,982
Profit for the period	-	-	-	-	-	-	4,703,509	4,703,509
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	(331,081)	-	-	(331,081)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	5,505	-	5,505
Total comprehensive income for the period	-	-	-	-	(331,081)	5,505	4,703,509	4,377,933
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	23,184	-	(23,184)	-
Dividends declared (Note 11)	-	-	-	-	-	-	(3,055,250)	(3,055,250)
Transfer to legal reserve	-	470,351	-	-	-	-	(470,351)	-
Transfer to contingency reserve	-	-	755,590	-	-	-	(755,590)	-
At 30 June 2017 (Audited)	26,500,000	4,440,389	7,122,357	447,420	(875,793)	5,505	8,060,787	45,700,665
At 1 January 2018	26,500,000	4,810,390	7,733,953	447,420	(833,162)	9,532	10,796,443	49,464,576
Transition adjustment on adoption of IFRS-9					(34,792)		(301,155)	(335,947)
At 1 January 2018 (Adjusted)	26,500,000	4,810,390	7,733,953	447,420	(867,954)	9,532	10,495,288	49,128,629
Profit for the period	-	-	-	-	-	-	5,361,629	5,361,629
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	(288,575)	-	-	(288,575)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(11,896)	-	(11,896)
Total comprehensive income for the period	-	-	-	-	(288,575)	(11,896)	5,361,629	5,061,158
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	(1,154)	-	1,154	-
Investment Impairment Adjustment-IFRS 9	-	-	-	-	(31,277)	-	-	(31,277)
Dividends declared (Note 11)	-	-	-	-	-	-	(4,202,900)	(4,202,900)
Transfer to legal reserve	-	536,163	-	-	-	-	(536,163)	-
Transfer to contingency reserve	-	-	964,738	-	-	-	(964,738)	-
At 30 June 2018 (unaudited)	26,500,000	5,346,553	8,698,691	447,420	(1,188,960)	(2,364)	10,154,270	49,955,610

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 2018

	Notes	30 June 2018 RO (Unaudited)	30 June 2017 RO (Audited)
Operating activities			
Profit before taxation		6,295,230	5,516,285
Adjustments for:			
Net (loss) / gain on investments at fair value through profit or loss		99,632	145,448
Amortisation of investments carried at amortised cost	6(b)	-	377
Allowance for impaired debts		165,551	240,116
Change in fair value of an investment property		-	50,000
Accrual for end on service benefits		81,794	75,901
Interest income	18	(1,143,680)	(1,103,773)
Finance cost		7,014	67,065
Dividend income	18	(458,075)	(331,366)
Expense from investment property	18	20,353	1,991
Depreciation		274,626	219,179
Profit on disposal of property and equipment		(3,077)	(632)
		<u>5,339,368</u>	<u>4,880,591</u>
Changes in working capital:			
Premium and insurance balances receivable		(17,254,661)	(7,932,720)
Other receivables and prepayments		(518,683)	(686,436)
Reinsurers' share of outstanding claims		(4,564,775)	(5,033,815)
Reinsurers' share of actuarial / mathematical and unexpired risk reserve		(8,321,536)	(1,926,661)
Gross outstanding claims		10,616,790	11,750,977
Actuarial / mathematical and unexpired risk reserve		18,641,394	9,864,835
Due to reinsurers		5,073,062	3,256,247
Other liabilities		(8,375,488)	(10,559,509)
		<u>635,471</u>	<u>3,613,509</u>
End of service benefits paid		(13,634)	(40,730)
Income tax paid		(1,509,207)	(553,379)
Net cash (used in) / from operating activities		<u>(887,370)</u>	<u>3,019,400</u>
Investing activities			
Placement in bank deposits (net)		2,845,742	392,000
Purchase of property and equipment		(654,365)	(269,136)
Purchase of investment securities		(3,401,431)	(4,662,505)
Proceeds from disposal of investment securities		705,014	611,499
Proceeds from disposal of property and equipment		3,082	659
Interest received		627,163	957,840
Dividends received		458,075	290,176
Expense on investment property	18	(20,353)	(1,991)
Net movement in loans to policyholders		27,594	46,604
Net cash used in investing activities		<u>590,521</u>	<u>(2,634,854)</u>
Financing activities			
Finance cost paid		(7,014)	(67,065)
Dividend paid		(4,202,900)	(3,055,250)
Short term loans		1,000,000	(2,900,000)
Net cash (used in) / from financing activities		<u>(3,209,914)</u>	<u>(6,022,315)</u>
Net changes in cash and cash equivalents			
Currency translation adjustment		(11,896)	5,505
Cash and cash equivalents at the beginning of the period	4	<u>8,119,632</u>	<u>16,610,164</u>
Cash and cash equivalents at the end of the period	4	<u>4,600,973</u>	<u>10,977,900</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 2018

1 Legal status and principal activities

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

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

2 Basis of preparation and accounting policies

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' using the same accounting policies, basis of consolidation and methods of computations as those used in the consolidated financial statements for the year ended 31 December 2017. The interim condensed consolidated financial statements do not contain all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the annual financial statements as at 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the results for the six month period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

The comparative information, included in these unaudited interim condensed consolidated financial statements as at 30 June 2017, are for the six month period then ended and is audited.

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

2.2 Changes in accounting policy and disclosures

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

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

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

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

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

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

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2018****2 Basis of preparation and accounting policies (continued)****2.2 Changes in accounting policy and disclosures (continued)**

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

IFRS 9 Financial Instruments

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

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

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

The Group has estimated the impact of impairment on its investments and its impact on equity attributable to the equity holders of the Group amounting to RO 335,947 as of 1 January 2018. The Group has adopted the modification approach wherein the opening investments and equity components as at 01 January 2018 have been modified to incorporate this impact of impairment due to implementation of IFRS 9 as at 01 January 2018. The impact for the six months ended 30 June 2018 has been incorporated in the statement of comprehensive income and other comprehensive income in respect of the impairment for investments at fair value through profit or loss and for the investments at fair value through other comprehensive income respectively. The requirements in IFRS 9 have not been applied to the comparative periods prior to the date of initial application.

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

Certain new standards, amendments to standards and interpretations are not yet effective for the six months ended 30 June 2018, with the Group not opting for early adoption. These have, therefore, not been applied in preparing these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six months ended 30 June 2018

3 Critical accounting judgment and key sources of estimation uncertainty

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

4 Cash and cash equivalents

	30 June 2018	31 December 2017	30 June 2017
	RO	RO	RO
	(Unaudited)	(Audited)	(Audited)
Deposits with banks for less than 90 days	-	2,592,840	6,074,202
Balances with banks	4,587,310	5,518,565	4,893,540
Cash in hand	13,663	8,227	10,158
Cash and cash equivalents	4,600,973	8,119,632	10,977,900

5 Bank deposits

	30 June 2018	31 December 2017	30 June 2017
	RO	RO	RO
	(Unaudited)	(Audited)	(Audited)
Deposits (i)	41,853,173	44,698,915	32,015,859
Subordinated deposits (ii)	5,000,000	5,000,000	11,000,000
Investment Impairment Adjustment-IFRS 9	(286,043)	-	-
	46,567,130	49,698,915	43,015,859

6 Investment securities

	30 June 2018	31 December 2017	30 June 2017
	RO	RO	RO
	(Unaudited)	(Audited)	(Audited)
Investments at fair value through profit or loss	6(a) 2,983,345	2,571,628	2,560,012
Investments carried at amortised cost	6(b) 7,363	18,662	18,662
Investment carried at fair value through other comprehensive income	6(c) 14,710,880	12,930,004	8,888,668
	17,701,588	15,520,294	11,467,342

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 March 2018**
6 Investment securities (continued)
6(a) Investments at fair value through profit or loss

	30 June 2018		31 December 2017		30 June 2017	
	Market value	Cost	Market value	Cost	Market value	Cost
	RO	RO	RO	RO	RO	RO
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
Quoted local						
Banking and investment	816,555	871,280	1,263,956	1,245,644	1,310,323	1,292,343
Services	1,139,863	1,118,018	1,307,672	1,118,018	1,249,689	1,118,018
Mutual Fund	1,026,927	1,000,000	-	-	-	-
	<u>2,983,345</u>	<u>2,989,298</u>	<u>2,571,628</u>	<u>2,363,662</u>	<u>2,560,012</u>	<u>2,410,361</u>

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

	30 June 2018	31 December 2017	30 June 2017
	RO	RO	RO
	(Unaudited)	(Audited)	(Audited)
At 1 January	2,571,628	2,740,264	2,740,264
Additions during the period / year	1,101,431	77,521	77,521
Disposals during the period / year at cost	(590,082)	(194,808)	(111,471)
Realised gain on disposal (note 18)	54,890	12,936	7,120
Fair value changes (note 18)	(154,522)	(64,285)	(153,422)
At 30 June / 31 December	<u>2,983,345</u>	<u>2,571,628</u>	<u>2,560,012</u>

6 (b) Investments carried at amortised cost

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

(i) Movement in investments carried at amortised cost:

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

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2018**
6 Investment securities (continued)
6 (c) Investments carried at fair value through other comprehensive income

	30 June 2018		31 December 2017		30 June 2017	
	Market value RO (Unaudited)	Cost RO (Unaudited)	Market value RO (Audited)	Cost RO (Audited)	Market value RO (Audited)	Cost RO (Audited)
Local						
Unquoted	-	-	60,465	50,000	50,000	50,000
Quoted	7,009,350	7,000,117	4,629,663	4,700,117	1,512,268	1,678,815
	7,009,350	7,000,117	4,690,128	4,750,117	1,562,268	1,728,815
Foreign						
Unquoted	133,697	901,968	138,260	917,650	314,203	1,080,199
Quoted	7,633,902	8,229,990	8,101,616	8,229,990	7,012,197	7,080,605
	7,767,599	9,131,958	8,239,876	9,147,640	7,326,400	8,160,804
Investment Impairment Adjustment-IFRS 9	(66,069)	-	-	-	-	-
	14,710,880	16,132,075	12,930,004	13,897,757	8,888,668	9,889,619

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

	30 June 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 June 2017 RO (Audited)
At 1 January	12,930,004	4,681,840	4,681,840
Transition adjustment on adoption of IFRS-9	(34,792)	-	-
At 1 January (Adjusted)	12,895,212	4,681,840	4,681,840
Additions during the period / year	2,300,000	8,755,671	4,584,984
Disposals during the period / year	(103,633)	(197,071)	(17,278)
Realised gain on disposal	1,806	9,355	5,504
Fair value change	(351,228)	(319,791)	(366,382)
Movement in Investment Impairment Adjustment-IFRS 9	(31,277)	-	-
At 30 June / 31 December	14,710,880	12,930,004	8,888,668

6 (d) Investment in subsidiaries

	Country	Holding %	30 June 2018	31 December 2017	30 June 2017
			Carrying value RO	Carrying value RO	Carrying value RO
NLGIC support services Pvt. Ltd. (NSSPL)	India	100.00	173,454	167,701	155,506
Inayah TPA LLC	UAE	100.00	613,836	607,554	-
			787,290	775,255	155,506

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for the six months ended 30 June 2018**

7 Premiums and insurance balance receivables

	30 June 2018			31 December 2017			30 June 2017		
	Life RO (Unaudited)	General RO (Unaudited)	Total RO (Unaudited)	Life RO (Audited)	General RO (Audited)	Total RO (Audited)	Life RO (Audited)	General RO (Audited)	Total RO (Audited)
Premium receivable	49,271,727	3,176,842	52,448,569	25,550,164	3,026,646	28,576,810	38,752,370	3,282,816	42,035,186
Reinsurance balances receivable	3,706,006	468,292	4,174,298	10,058,959	732,437	10,791,396	909,682	255,813	1,165,495
	<u>52,977,733</u>	<u>3,645,134</u>	<u>56,622,867</u>	<u>35,609,123</u>	<u>3,759,083</u>	<u>39,368,206</u>	<u>39,662,052</u>	<u>3,538,629</u>	<u>43,200,681</u>
Allowance for impaired debts	(764,536)	(319,897)	(1,084,433)	(697,075)	(206,695)	(903,770)	(739,361)	(161,694)	(901,055)
	<u>52,213,197</u>	<u>3,325,237</u>	<u>55,538,434</u>	<u>34,912,048</u>	<u>3,552,388</u>	<u>38,464,436</u>	<u>38,922,691</u>	<u>3,376,935</u>	<u>42,299,626</u>
Movement in allowance for impaired debts									
At 1 January	697,075	206,695	903,770	537,672	149,052	686,724	537,672	149,052	686,724
Provided during the period / year	67,460	113,203	180,663	199,122	64,085	263,207	223,881	16,235	240,116
Written off during the period / year	-	-	-	(39,719)	(6,442)	(46,161)	(22,192)	(3,593)	(25,785)
At 30 June / 31 December	<u>764,535</u>	<u>319,898</u>	<u>1,084,433</u>	<u>697,075</u>	<u>206,695</u>	<u>903,770</u>	<u>739,361</u>	<u>161,694</u>	<u>901,055</u>

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six months ended 30 June 2018

8 Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Group has identified to the Capital Market Authority certain specific bank deposits, investments and loans to policyholders included in the statement of financial position at a total value of RO 31,412,476 (31 December 2017 - RO 28,730,476 and 30 June 2017 - RO 31,871,886). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Capital Market Authority.

In accordance with the law governing the operation of insurance companies within the United Arab Emirates, and Kuwait the Group has identified to the Insurance Authority, Abu Dhabi - UAE and The Ministry of Commerce and Industry, Kuwait certain specific fixed deposits included in the statement of financial position at a total value of RO 444,971 (31 December 2017 - RO 441,405 and 30 June 2017 - RO 441,405) and RO 1,274,000 (31 December 2017 - RO 1,274,000 and 30 June 2017 - NIL) respectively. Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the respective authorities.

The Group has provided bank guarantee of RO 50,000 (31 December 2017 - RO 50,000 and 30 June 2017 - RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

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

9 Investment property

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

Movement in value of investment property is set out below:

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

10 Share capital

	30 June 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 June 2017 RO (Audited)
At 30 June / 31 December	<u>26,500,000</u>	<u>26,500,000</u>	<u>26,500,000</u>
Nominal Value per share	RO 0.100	RO 0.100	RO 1.000
Number of shares	265,000,000	265,000,000	26,500,000

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

11 Dividends paid

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

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six months ended 30 June 2018

12 Claims

Life and general	30 June 2018			31 December 2017			30 June 2017		
	Gross outstanding claims RO (Unaudited)	Reinsurers' share of outstanding claims RO (Unaudited)	Net outstanding claims RO (Unaudited)	Gross outstanding claims RO (Audited)	Reinsurers' share of outstanding claims RO (Audited)	Net outstanding claims RO (Audited)	Gross outstanding claims RO (Audited)	Reinsurers' share of outstanding claims RO (Audited)	Net outstanding claims RO (Audited)
At 1 January									
- Claims incurred	14,922,354	(5,564,331)	9,358,023	12,204,540	(5,366,675)	6,837,865	12,204,540	(5,366,675)	6,837,865
- Incurred but not reported	7,499,581	(3,090,345)	4,409,236	8,375,783	(3,398,595)	4,977,188	8,375,783	(3,398,595)	4,977,188
	<u>22,421,935</u>	<u>(8,654,676)</u>	<u>13,767,259</u>	<u>20,580,323</u>	<u>(8,765,270)</u>	<u>11,815,053</u>	<u>20,580,323</u>	<u>(8,765,270)</u>	<u>11,815,053</u>
Add: Claims provided during the period / year	47,085,285	(18,802,398)	28,282,887	89,943,229	(36,386,033)	53,557,196	42,762,948	(17,553,137)	25,209,811
Less: Claims paid during the period / year	(36,468,495)	14,237,623	(22,230,872)	(88,101,617)	36,496,627	(51,604,990)	(31,011,971)	12,519,322	(18,492,649)
At 30 June / 31 December	<u>33,038,725</u>	<u>(13,219,451)</u>	<u>19,819,274</u>	<u>22,421,935</u>	<u>(8,654,676)</u>	<u>13,767,259</u>	<u>32,331,300</u>	<u>(13,799,085)</u>	<u>18,532,215</u>
Analysis of outstanding claims at 30 June / 31 December									
- Claims incurred	26,138,899	(10,486,046)	15,652,853	14,922,354	(5,564,331)	9,358,023	25,400,516	(10,985,188)	14,415,328
- Incurred but not reported	6,899,826	(2,733,405)	4,166,421	7,499,581	(3,090,345)	4,409,236	6,930,784	(2,813,897)	4,116,887
	<u>33,038,725</u>	<u>(13,219,451)</u>	<u>19,819,274</u>	<u>22,421,935</u>	<u>(8,654,676)</u>	<u>13,767,259</u>	<u>32,331,300</u>	<u>(13,799,085)</u>	<u>18,532,215</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.

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 2018**
13 Gross actuarial / mathematical and unexpired risk reserve

	30 June 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 June 2017 RO (Audited)
Actuarial / mathematical and unexpired risk reserve - life assurance			
Gross	57,627,532	39,392,479	51,484,337
Reinsurers' share	<u>(22,829,950)</u>	<u>(14,539,777)</u>	<u>(19,391,570)</u>
	<u>34,797,582</u>	<u>24,852,702</u>	<u>32,092,767</u>
Unexpired risk reserve – general insurance			
Gross	6,770,653	6,364,312	5,632,815
Reinsurers' share	<u>(432,464)</u>	<u>(401,101)</u>	<u>(454,992)</u>
	<u>6,338,189</u>	<u>5,963,211</u>	<u>5,177,823</u>
Actuarial / mathematical and unexpired risk reserve – total			
Gross	64,398,185	45,756,791	57,117,152
Reinsurers' share	<u>(23,262,414)</u>	<u>(14,940,878)</u>	<u>(19,846,562)</u>
	<u>41,135,771</u>	<u>30,815,913</u>	<u>37,270,590</u>
<i>Movement during the period / year:</i>			
	30 June 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 June 2017 RO (Audited)
Actuarial / mathematical and unexpired risk reserve – life assurance			
At 1 January	24,852,702	25,520,386	25,520,386
Net movement in the statement of comprehensive income	9,944,880	(667,684)	6,572,381
At 30 June / 31 December	<u>34,797,582</u>	<u>24,852,702</u>	<u>32,092,767</u>
Unexpired risk reserve – general insurance			
At 1 January	5,963,211	3,812,030	3,812,030
Net movement in the statement of comprehensive income	374,978	2,151,181	1,365,793
At 30 June / 31 December	<u>6,338,189</u>	<u>5,963,211</u>	<u>5,177,823</u>
14 Due to reinsurers			
	30 June 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 June 2017 RO (Audited)
Reinsurance balances payable – life insurance	7,210,794	2,324,287	4,106,114
Reinsurance balances payable – general insurance	<u>671,754</u>	<u>485,199</u>	<u>642,228</u>
	<u>7,882,548</u>	<u>2,809,486</u>	<u>4,748,342</u>
15 Other liabilities			
	30 June 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 June 2017 RO (Audited)
Accounts payable	4,978,515	14,258,429	1,382,518
Accrued expenses	2,904,767	2,837,495	2,431,840
Other payables	3,127,994	2,362,867	2,237,834
End of service benefits	<u>613,775</u>	<u>555,481</u>	<u>513,955</u>
	<u>11,625,051</u>	<u>20,014,272</u>	<u>6,566,147</u>

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six months ended 30 June 2018

16 Contingent liabilities

(a) Contingencies

At 30 June 2018, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 384,983 (31 December 2017 - RO 337,106 and 30 June 2017 – RO 368,522) 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 2018 RO (Unaudited)	31 December 2017 RO (Audited)	30 June 2017 RO (Audited)
Net assets (RO)	49,955,610	49,464,576	45,700,665
Number of shares outstanding at 30 June / 31 December	265,000,000	265,000,000	265,000,000
Net assets per share (RO)	0.189	0.187	0.172

*The parent Company has split its shares during third quarter 2017 from RO 1 each to RO 0.100 each due to which the net asset per share is calculated taking number of shares outstanding @ RO 0.100 as at 30 June 2018 and as at 31 December 2017. For comparative periods of 30 June 2017, the number of shares outstanding have been restated @ RO 0.100 each instead of RO 1 each.

18 Investment income – net

	30 June 2018 RO (Unaudited)	30 June 2017 RO (Audited)
Interest income on bank deposits and other investments	929,380	983,390
Interest income on bonds, net of amortisation charge	202,578	101,711
Interest income on loans to policy holders	11,722	18,672
Dividend income	458,075	331,366
Expense from investment property	(20,353)	(1,991)
Change in fair value of investment property	-	(50,000)
Net unrealised (loss) / gain on investments carried at fair value through profit or loss	(154,522)	(153,422)
Net realised gain on investment carried at fair value through profit or loss and investment carried at amortised cost	54,890	7,974
	1,481,770	1,237,700
Investment acquisition cost	(9,465)	(3,708)
Investment Impairment Adjustment-IFRS 9	15,112	-
	1,487,417	1,233,992

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19 Income tax

	30 June 2018 RO (Unaudited)	30 June 2017 RO (Audited)
Statement of comprehensive income:		
Current tax		
- For the year	960,864	859,411
- For prior years	-	(1,295)
Deferred tax	(27,263)	(45,340)
	<u>933,601</u>	<u>812,776</u>
	30 June 2018 RO (Unaudited)	31 December 2017 RO (Audited)
Current liability		30 June 2017 RO (Audited)
Income tax payable	<u>952,743</u>	<u>1,501,088</u>
Non-current asset		
Deferred tax asset	<u>279,107</u>	<u>190,999</u>

The tax rate applicable to the Parent Company is 15% (30 June 2017 – 15%).

20 Earnings per share – basic and diluted

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

	30 June 2018 (Unaudited)	30 June 2017 (Audited)
Profit for the six months ended (RO)	<u>5,361,629</u>	<u>4,703,509</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>0.020</u>	<u>0.018</u>

The parent Company had share split during third quarter 2017 from RO 1 each to RO 0.100 each due to which the earnings per share has been presented at RO 0.100 per share. For comparative period of 30 June 2017, the weighted average number of shares outstanding have been restated @ RO 0.100 each instead of RO 1 each.

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

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for the six months ended 30 June 2018**
21 Related party transactions

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

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Top Senior Executives	Key management personnel of major shareholder	Other related parties
30 June 2018 (Unaudited)	RO	RO	RO	RO	RO	RO	RO
Statement of comprehensive income							
Gross premium income	2,331,547	100,676	10,435	1,900,038	100	375	319,924
Claims expense	988,419	16,525	-	830,209	-	-	141,685
Reinsurers' share of claims paid	1,016	-	-	1,016	-	-	-
Interest income on deposits	141,304	-	-	141,304	-	-	-
Rent expenses	40,258	-	-	40,258	-	-	-
Commission expense	280,574	-	-	87,820	-	-	192,753
Other expenses	139,705	-	-	29,223	400	200	109,882
Director sitting fees	11,300	-	11,300	-	-	-	-
Directors' remuneration	88,700	-	88,700	-	-	-	-
Other Transactions							
Subscription of Bonds	2,300,000	2,300,000	-	-	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	93,900	-	93,900	-	-	-	-
Claims payable to related parties	776,750	10,550	-	707,281	-	-	58,919
Commission payable	397,792	-	-	17,071	-	-	380,721
Payable to related parties	40,207	-	-	-	-	-	40,207
Receivable from related parties	15,112	-	-	-	15,112	-	-
Bank balances	296,880	-	-	296,880	-	-	-
Fixed deposits/Bonds balances	7,550,000	2,300,000	-	5,250,000	-	-	-
Premium receivable from related parties	1,351,583	7,506	-	1,009,293	-	-	334,783
Reinsurance balance receivable	65,530	-	-	65,530	-	-	-
Accrued interest receivable	87,542	-	-	87,542	-	-	-

During January to June 2018, subsidiary in India (NSSPL) has charged the parent company service fees of RO 182,851. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 17,651. Carrying value of investment as on 30.06.2018 is RO 173,454 and due to NSSPL as at 30.06.2018 is RO 27,917.

During January to June 2018, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 119,556. The Parent Company has accounted Inayah Share of Profit from subsidiary of RO 6,281. Carrying value of investment as on 30.06.2018 is RO 613,836 and due to Inayah TPA LLC as at 30.06.2018 is RO 101,739.

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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 2017 (Audited)	RO	RO	RO	RO	RO	RO	RO
Statement of comprehensive income							
Gross premium income	2,772,324	99,692	582	2,332,936	100	500	338,514
Claims expense	1,095,682	28,862	-	909,311	-	-	157,509
Reinsurers' share of claims paid	28,555	-	-	28,555	-	-	-
Interest income on deposits	101,815	-	-	101,815	-	-	-
Rent expenses	66,023	66,023	-	-	-	-	-
Commission expense	191,097	-	-	70,833	-	-	120,264
Other expenses	125,888	7,000	-	11,352	600	400	106,536
Director sitting fees	9,800	-	9,800	-	-	-	-
Directors' remuneration	143,262	-	143,262	-	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	143,262	-	143,262	-	-	-	-
Claims payable to related parties	380,644	18,081	-	269,165	-	-	93,398
Commission payable	269,968	-	-	8,333	-	-	261,635
Payable to related parties	69,026	-	-	-	-	-	69,026
Receivable from related parties	96,900	88,167	-	-	2,367	-	6,366
Bank balances	581,221	-	-	581,221	-	-	-
Fixed deposits balances	5,250,000	-	-	5,250,000	-	-	-
Premium receivable from related parties	988,332	-	2,232	715,363	-	-	270,737
Reinsurance balance receivable	56,014	-	-	56,014	-	-	-
Accrued interest receivable	95,110	-	-	95,110	-	-	-

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

(b) Compensation of key management personnel

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

	30 June 2018 RO (Unaudited)	30 June 2017 RO (Audited)
Short-term benefits	278,465	235,173
Employees' end of service benefits & leave salary accrual	16,666	63,199
	<u>295,131</u>	<u>298,372</u>
Number of key management personnel	<u>8</u>	<u>8</u>

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 2018**
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 2018 and 30 June 2017.

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

30 June 2018 (Unaudited)	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	73,660,408	8,041,852	-	81,702,260
Movement in unearned premiums	(18,235,053)	(406,341)	-	(18,641,394)
Gross premiums earned	55,425,355	7,635,511	-	63,060,866
Insurance premium ceded to reinsurers	(32,251,578)	(624,716)	-	(32,876,294)
Movement in unearned premiums	8,290,173	31,363	-	8,321,536
Premium ceded to reinsurers, earned	(23,961,405)	(593,353)	-	(24,554,758)
Net premiums	31,463,950	7,042,158	-	38,506,108
Claims	(42,408,646)	(4,676,639)	-	(47,085,285)
Reinsurers' share of claims	18,668,502	133,896	-	18,802,398
Net claims	(23,740,144)	(4,542,743)	-	(28,282,887)
Income from policy fees	905,174	71,330	-	976,504
Commission income on premium ceded to reinsurers	5,527,515	119,996	-	5,647,511
Commission expense	(5,503,237)	(737,656)	-	(6,240,893)
Net underwriting results	8,653,258	1,953,085	-	10,606,343
Investment income – net	1,162,814	348,535	(23,932)	1,487,417
Other operating income / (expense)	(22,253)	(1,243)	-	(23,496)
Third party administration fees	(1,020,693)	-	-	(1,020,693)
General and administrative expenses	(3,518,298)	(1,229,029)	-	(4,747,327)
Finance cost	(7,014)	-	-	(7,014)
Income tax	(775,872)	(157,729)	-	(933,601)
Profit for the period	4,471,942	913,619	(23,932)	5,361,629

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 2018**
22 Segmental information (continued)
22.1 Primary reporting format - business segments (continued)

30 June 2017 (Audited)	Life and medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	61,850,792	6,581,357	-	68,432,149
Movement in unearned premiums	(8,555,034)	(1,309,801)	-	(9,864,835)
Gross premiums earned	<u>53,295,758</u>	<u>5,271,556</u>	<u>-</u>	<u>58,567,314</u>
Insurance premium ceded to reinsurers	(25,811,134)	(558,749)		(26,369,883)
Movement in unearned premiums	1,982,653	(55,992)	-	1,926,661
Premium ceded to reinsurers, earned	<u>(23,828,481)</u>	<u>(614,741)</u>	<u>-</u>	<u>(24,443,222)</u>
Net premiums	<u>29,467,277</u>	<u>4,656,815</u>	<u>-</u>	<u>34,124,092</u>
Claims	(39,022,009)	(3,740,939)	-	(42,762,948)
Reinsurers' share of claims	<u>17,198,009</u>	<u>355,128</u>	<u>-</u>	<u>17,553,137</u>
Net claims	<u>(21,824,000)</u>	<u>(3,385,811)</u>	<u>-</u>	<u>(25,209,811)</u>
Income from policy fees	769,026	100,643	-	869,669
Commission income on premium ceded to reinsurers	4,553,182	119,034	-	4,672,216
Commission expense	<u>(4,619,749)</u>	<u>(657,879)</u>	<u>-</u>	<u>(5,277,628)</u>
Net underwriting results	8,345,736	832,802	-	9,178,538
Investment income – net	975,420	283,084	(24,512)	1,233,992
Other operating income	24,938	1,800	-	26,738
Third party administration fees	(1,020,931)	-	-	(1,020,931)
General and administrative expenses	(2,863,247)	(971,740)	-	(3,834,987)
Finance cost	(67,065)	-	-	(67,065)
Income tax	<u>(791,369)</u>	<u>(21,407)</u>	<u>-</u>	<u>(812,776)</u>
Profit for the period	<u>4,603,482</u>	<u>124,539</u>	<u>(24,512)</u>	<u>4,703,509</u>
	Life and Medical RO	General RO	Adjustments and eliminations	Total RO
30 June 2018 (Unaudited)				
Segment assets	<u>144,729,196</u>	<u>24,850,272</u>	<u>(726,606)</u>	<u>168,852,862</u>
Segment liabilities	<u>94,922,067</u>	<u>24,104,841</u>	<u>(129,656)</u>	<u>118,897,252</u>
31 December 2017 (Audited)				
Segment assets	<u>119,866,495</u>	<u>22,734,331</u>	<u>(632,678)</u>	<u>141,968,148</u>
Segment liabilities	<u>69,806,548</u>	<u>22,744,788</u>	<u>(47,763)</u>	<u>92,503,573</u>
30 June 2017 (Audited)				
Segment assets	<u>127,408,056</u>	<u>21,074,010</u>	<u>(159,049)</u>	<u>148,323,017</u>
Segment liabilities	<u>81,431,028</u>	<u>21,194,867</u>	<u>(3,543)</u>	<u>102,622,352</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 2018 and 30 June 2017.

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

	Oman RO	UAE RO	Kuwait RO	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 June 2018 (Unaudited)						
Gross premium written	35,906,776	45,191,988	603,496	-	-	81,702,260
Movement in unearned premiums	(9,309,860)	(8,930,020)	(401,514)	-	-	(18,641,394)
Gross premiums earned	26,596,916	36,261,968	201,982	-	-	63,060,866
Insurance premium ceded to reinsurers	(13,491,502)	(19,114,919)	(269,873)	-	-	(32,876,294)
Movement in unearned premiums	4,291,372	3,809,223	220,941	-	-	8,321,536
Premium ceded to reinsurers, earned	(9,200,130)	(15,305,696)	(48,932)	-	-	(24,554,758)
Net premiums	17,396,786	20,956,272	153,050	-	-	38,506,108
Claims	(17,069,526)	(29,914,737)	(101,022)	-	-	(47,085,285)
Reinsurers' share of claims	6,340,183	12,412,498	49,717	-	-	18,802,398
Net claims	(10,729,343)	(17,502,239)	(51,305)	-	-	(28,282,887)
Income from policy fees	356,327	609,569	10,608	-	-	976,504
Commission income on premium ceded to reinsurers	1,783,372	3,864,009	130	-	-	5,647,511
Commission expense	(2,088,116)	(4,103,413)	(49,364)	-	-	(6,240,893)
Net underwriting results	6,719,026	3,824,198	63,119	-	-	10,606,343
Investment income – net	949,459	540,962	20,928	-	(23,932)	1,487,417
Other operating (loss) / income	(21,806)	(447)	(1,243)	-	-	(23,496)
Third party administration fees	(98,181)	(1,192,097)	(32,822)	302,407	-	(1,020,693)
General and administrative expenses	(2,818,374)	(1,472,343)	(186,092)	(270,518)	-	(4,747,327)
Finance cost	(7,014)	-	-	-	-	(7,014)
Income tax	(925,644)	-	-	(7,957)	-	(933,601)
Profit for the year	3,797,466	1,700,273	(136,110)	23,932	(23,932)	5,361,629

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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 June 2017 (Audited)						
Gross premium written	30,444,801	37,987,348	-	-	-	68,432,149
Movement in unearned premiums	(6,471,646)	(3,393,189)	-	-	-	(9,864,835)
Gross premiums earned	23,973,155	34,594,159	-	-	-	58,567,314
Insurance premium ceded to reinsurers	(11,430,623)	(14,939,260)	-	-	-	(26,369,883)
Movement in unearned premiums	3,051,049	(1,124,388)	-	-	-	1,926,661
Premium ceded to reinsurers, earned	(8,379,574)	(16,063,648)	-	-	-	(24,443,222)
Net premiums	15,593,581	18,530,511	-	-	-	34,124,092
Claims	(17,208,349)	(25,554,599)	-	-	-	(42,762,948)
Reinsurers' share of claims	6,291,784	11,261,353	-	-	-	17,553,137
Net claims	(10,916,565)	(14,293,246)	-	-	-	(25,209,811)
Income from policy fees	352,980	516,689	-	-	-	869,669
Commission income on premium ceded to reinsurers	1,639,183	3,033,033	-	-	-	4,672,216
Commission expense	(1,843,792)	(3,433,836)	-	-	-	(5,277,628)
Net underwriting results	4,825,387	4,353,151	-	-	-	9,178,538
Investment income - net	1,001,126	257,378	-	-	(24,512)	1,233,992
Other operating income	8,893	17,845	-	-	-	26,738
Third party administration fees	(104,060)	(1,020,461)	-	103,590	-	(1,020,931)
General and administrative expenses	(2,513,078)	(1,247,117)	-	(74,792)	-	(3,834,987)
Finance cost	(55,087)	(11,978)	-	-	-	(67,065)
Income tax	(808,490)	-	-	(4,286)	-	(812,776)
Profit / (loss) for the period	2,354,691	2,348,818	-	24,512	(24,512)	4,703,509

	Oman RO	UAE RO	Kuwait RO	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 June 2018 (Unaudited)						
Segment assets	94,716,399	71,848,804	2,242,419	771,846	(726,606)	168,852,862
Segment liabilities	62,941,963	55,110,839	799,210	174,896	(129,656)	118,897,252
31 December 2017(Audited)						
Segment assets	78,281,611	62,032,448	1,452,100	834,667	(632,678)	141,968,148
Segment liabilities	48,243,356	44,034,558	23,670	249,752	(47,763)	92,503,573
30 June 2017 (Audited)						
Segment assets	85,233,378	63,069,082	-	179,606	(159,049)	148,323,017
Segment liabilities	55,965,925	46,635,870	-	24,100	(3,543)	102,622,352

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23 Risk management

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

24 Fair values

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

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

30 June 2018 (Unaudited)	Level 1	Level 2	Total
Investments	<u>17,560,527</u>	<u>133,697</u>	<u>17,694,225</u>
31 December 2017 (Audited)	Level 1	Level 2	Total
Investments	<u>15,302,906</u>	<u>198,726</u>	<u>15,501,632</u>
30 June 2017 (Audited)	Level 1	Level 2	Total
Investments	<u>11,084,477</u>	<u>364,203</u>	<u>11,448,680</u>

There were no transfers between any levels mentioned above.

25 Prior year adjustments

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