

Chairman's Report – September 2017

Dear Shareholders,

On behalf of the Board of Directors of Vision Insurance SAOG, I am immensely pleased to present the financial performance of your Company upto the end of the 3rd Quarter ended 30th September 2017. Profit Before Tax of RO 1.62 Million was higher by 46% over 2016 mainly due to a 17% growth in Underwriting Surplus to RO 2.65 million and higher realized Investment Income. PAT ended at RO 1.41 Million, 42% higher over 2016.

Key Financial Highlights:

Main financial highlights are as presented below;

- Gross written premium at RO 17.5 Million, 15% growth over RO 15.18 Million in corresponding period of 2016.
- Net written Premium at RO 5.77 Million, 27% increase over RO 4.52 Million of 2016.
- Gross Underwriting results increased by 17% to RO 2.65 Million from RO 2.27 Million in 2016.
- Profit after Tax increased by 42% to RO 1.41 Million from RO 0.99 Million in 2016. Taxation rate increased to 15% in 2017 as against 12% in corresponding period of 2016.
- Comprehensive income increased by 7% to RO 1.08 Million from RO 1.01 Million.
- Earnings per share based on weighted average number of shares outstanding at Sept 2017 is RO 0.019 Baiza compared to RO 0.018 Baizas in corresponding period of 2016.
- Your company's paid up share capital was increased from RO 5.5 Million in Sept 2016 to RO 10 Million in September 2017 through bonus share issue of RO 0.495 Million in March 2017, followed by right issue of RO 4.005 Million. Book Value of the Share at 30 September 2016 post capital increase was RO 0.136 baizas.

Investments:

- Investments comprise of fixed income investments in bank deposits and bonds as also Oman and GCC market equity investments. Overall S&P GCC index marginally increased by 0.44% during first nine months of 2017. The MSM Index dropped by (11.16%) reflecting the impact on company performances of higher corporate Taxes, expansion of the scope of withholding taxes. Comprehensive investment income in 2017 including valuation gains and losses amounted to RO. 327K against RO. 261K in 2016.
- Company's net realized investment income during the period increased RO.663K against RO.249K achieved in corresponding period of 2016.

Outlook for 2017:

Your company has sustained the trend of consistent profitability for last seven years since 2010. Consolidation of corporate portfolio combined with cautious expansion of the retail lines will drive the Company's growth in premium and profitability. As part of continued expansion of Retail operations, 2 new branches at Sur and Rustaq will be operational from fourth quarter of 2017. Your Board looks ahead with optimism to ending the year 2017 sustaining the growth and profitability achieved upto the end of the 3rd Quarter 2017.

Acknowledgement:

On behalf of the Board of Directors, I express our profound sense of respect, admiration and gratitude to His Majesty Sultan Qaboos bin Said for his inspiring and visionary leadership that has ensured continued stability, growth and prosperity for Oman and the people of Oman. We remain thankful to

Capital market Authority and other regulatory authorities for their support. We greatly value the confidence and support extended to the Company by all our clients, business partners shareholders and our employees that has been critical to our profitable results till date and we sincerely thank them all. We look ahead with a great sense of pride and self-esteem and join the people of our beloved country in wishing our revered leader His Majesty Sultan Qaboos Bin Said many more years ahead of good Health, Peace and Prosperity.

Ali bin Mohammed bin Juma Al Lawati
Chairman

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION as at 30 September 2017

	30th Sept. 2017 RO	30th Sept. 2016 RO	2016 (Full Year Audited) RO
ASSETS			
Non-current assets			
Property, furniture and equipment	310,684	257,175	260,484
Available-for-sale investments	6,183,403	4,446,457	5,076,845
Deposits	10,494,446	6,562,000	6,562,832
	16,988,533	11,265,632	11,900,161
Current assets			
Reinsurance assets	11,129,278	11,810,717	12,526,738
Insurance and other receivables	6,049,948	5,558,582	5,837,556
Cash and bank balances	4,728,038	3,157,337	2,708,582
	21,907,264	20,526,636	21,072,876
TOTAL ASSETS	38,895,797	31,792,268	32,973,037
EQUITY AND LIABILITIES			
Equity			
Share capital	10,000,000	5,500,000	5,500,000
Capital reserve	84,849	84,849	84,849
Fair value reserve	(139,440)	(123,194)	196,024
Legal reserve	634,003	522,080	634,003
Contingency reserve	1,543,488	1,306,104	1,543,488
Retained earnings	1,472,179	1,194,135	965,940
Total equity	13,595,079	8,483,974	8,924,304
Non-current liabilities			
Employees' end of service benefits	214,929	181,196	188,890
Current liabilities			
Insurance contract liabilities	16,782,422	16,119,237	17,127,548
Trade and other liabilities	8,303,367	7,007,861	6,732,295
	25,085,789	23,127,098	23,859,843
Total liabilities	25,300,718	23,308,293	24,048,733
TOTAL EQUITY AND LIABILITIES	38,895,797	31,792,268	32,973,037
Net assets per share (RO)	0.136	0.154	0.162

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME For the period ended 30 September 2017

	Unaudited 9 month ended 30 Sept. 2017 RO	Unaudited 3 month Ended 30 Sept. 2017 RO	Unaudited 9 month ended 30 Sept. 2016 RO	Unaudited 3 month ended 30 Sept. 2016 RO
Income:				
Gross insurance premiums written	17,499,283	5,772,997	15,184,663	4,599,012
Reinsurer's share of gross insurance premiums written	(11,731,111)	(3,674,281)	(10,660,282)	(3,169,689)
Net insurance premium written	5,768,172	2,098,716	4,524,381	1,429,323
Change in unearned premium reserve ("UPR"):				
Gross change in UPR	(388,990)	119,923	(1,669,984)	(468,861)
Reinsurer's share of UPR	(558,668)	(478,764)	817,687	336,056
Net change in UPR	(947,658)	(358,841)	(852,297)	(132,805)
Net insurance premium revenue earned	4,820,514	1,739,875	3,672,084	1,296,518
Investment income, net	662,757	156,923	248,586	80,027
Other operating income	90,542	30,607	113,229	20,735
	5,573,813	1,927,405	4,033,899	1,397,280
Expenses:				
Gross claims and loss adjustment expenses paid	7,438,487	2,678,813	6,262,161	1,705,142
Reinsurer's share of the gross claims and loss adjustment expenses paid	(4,276,132)	(1,476,657)	(3,605,819)	(983,691)
Gross change in insurance liabilities	(734,116)	(272,402)	1,492,980	14,125
Reinsurer's share of the gross change in insurance liabilities	838,791	349,710	(1,712,276)	167,113
Expenses on acquisition of insurance contracts (net)	(1,101,517)	(399,625)	(1,031,822)	(343,075)
General and administration expenses	1,792,429	646,261	1,522,029	523,160
	3,957,942	1,526,100	2,927,253	1,082,774
Profit for the year before taxation	1,615,871	401,305	1,106,646	314,506
Income tax	(202,132)	(60,122)	(108,525)	(36,940)
Profit for the year after taxation	1,413,739	341,183	998,121	277,566
Other comprehensive income that will be reclassified to the profit or loss				
Net change in fair value of available-for-sale investments	(335,464)	70,335	12,226	(41,351)
Impairment on investments available-for-sale recycled to profit or loss				
Other comprehensive income for the period, net of tax	(335,464)	70,335	12,226	(41,351)
Total comprehensive income for the period	1,078,275	411,518	1,010,347	236,215
Basic and diluted earnings per share**	0.014	0.003	0.018	0.005
EPS based on weighted average number of shares outstanding during the period	0.019	0.003	0.018	0.005

** EPS based on the paid-up capital of RO 10 million and RO 5.5 million for the period of 30th Sept. 17 and 30th Sept. 16 respectively.