

Chairman's Report – Six Months ended June 30, 2020

Dear Shareholders,

On behalf of the Board of Directors of Vision Insurance SAOG, I present the financial performance of your Company for the six months period ended on June 30, 2020. The spread of Covid-19 pandemic that started in early 2020 is continuing to effect human civilization across the globe. Despite some marginal recovery in oil prices, the Covid driven state of restricted activities and the threat of second wave has kept business activity subdued across the region and the world in general. Despite some recovery in the second quarter, GCC Equity markets posted negative returns for the first half. Despite these constraints, your Company posted Profit After Tax to RO 912K as compared to RO 1,004K in 2019. Valuation losses from portfolio of GCC equities including Oman resulted in Total Comprehensive income for the period ending lower at RO 436K, against Comprehensive Income RO 1,196K in 2019.

Key Financial Highlights:

Key Financial Highlights are as presented below:

- Gross Written Premium of RO 13.27 Million, lower by 7% over RO 14.21 Million of 2019. Whilst strong growth achieved in Non-Motor segment, premiums dropped in Motor and Life & Health segment in tandem with the macro movements.
- Net Written Premium at RO 3.26 Million against RO 4.25 Million of 2019, mainly due to drop in motor premium on reduced car sales due to pandemic situation and controlled underwriting in the face of rate of softening.
- Gross Underwriting Surplus increased by 13% to RO 2.44 Million from RO 2.16 Million in 2019 on improved motor underwriting results.
- Realized Investment Income was RO 281K, lower by 52% over RO 592K in 2019 due to regional loss on sale of equities due to regional equity markets posting negative performance.
- As a CSR initiative, a contribution of RO 75K was made to the Health Endowment Fund set up by the Government of Oman in March 2020 dedicated to the financing of healthcare services in the Sultanate.
- Management Expenses for the first half 2020 was at RO 1,622 K, almost on the same level as RO 1,607 K upto end of June 2019.
- Profit After Tax (PAT) for the period was RO 912K against RO 1,004K in 2019.

- Total Comprehensive Income for the first half of 2020 was RO 436K against RO 1,196K in 2019 due to unrealized valuation losses of RO475K against Valuation Gains of RO 193K in 2019. Whilst MSM Index was down by (11.68%) during the period, overall S&P GCC composite index was down by (16.07%).

Outlook for 2020:

The number of fresh cases continuing unabated and the threat of second wave of the virus spread has pushed back plans to restart economies across the globe. Lockdowns and travel restrictions have got extended or re-imposed in several parts of Europe, Asia and within GCC. World bank report in June 2020 points to a 5.2% contraction in world GDP in 2020 due to the pandemic effect. With Government spending remaining the key driver for economic activity in the region, the outlook will hinge on the combined impact of stimulus packages and the austerity measures. As for the insurance sector, the outlook both for the market and for the Company is that of sustenance of the premium volumes as in the first half with neither growth nor a major dip foreseen.

Acknowledgement:

On behalf of all Board Members, the Management and employees of the Company, I express our profound sense of respect, admiration and gratitude to His Majesty Sultan Haitham Bin Tarik for his inspiring and visionary leadership for 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 and we sincerely thank them all.

We join the people of our beloved country in wishing our revered leader His Majesty Sultan Haitham Bin Tarik many more years ahead of good Health, Peace and Prosperity.

Ahmed Said Mohammed Al Mahrizi
Chairman

July 29, 2020

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	No	30- June-20 20	30- June-19	2019 (Full Year Audited)
	tes	RO	RO	RO
ASSETS				
Cash and bank balances	5	3,221,293	3,856,532	2,453,638
Deposits	4	13,204,872	13,769,142	14,248,642
Insurance and other receivables	6	8,849,932	15,470,470	6,822,621
Reinsurance assets	9	30,329,730	24,512,418	31,339,380
Available-for-sale investments	7	6,235,810	6,781,426	6,885,004
Property, furniture and equipment		406,708	449,446	490,395
TOTAL ASSETS		62,248,345	64,839,434	62,239,680
EQUITY AND LIABILITIES				
Equity				
Share capital		10,000,000	10,000,000	10,000,000
Capital reserve		87,182	87,182	87,182
Fair value reserve		(267,420)	84,194	208,071

Legal reserve		1,072,832	950,854	1,072,832
Contingency reserve	8	2,550,258	2,205,765	2,550,258
Retained earnings		962,780	1,101,629	851,134
Total equity		14,405,632	14,429,624	14,769,477
Liabilities				
Insurance contract liabilities	9	36,225,480	32,119,159	37,867,274
Employees' end of service benefits		346,667	313,423	305,929
Trade and other liabilities	10	11,270,566	17,977,228	9,297,000
Total liabilities		47,842,713	50,409,810	47,470,203
TOTAL EQUITY AND LIABILITIES		62,248,345	64,839,434	62,239,680
Net assets per share (RO)		0.144	0.144	0.148

The interim condensed financial statements were approved by a resolution of the board of directors on 29th July 2020 and were signed on their behalf by:

Chairman

Director

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2020

		<i>Unaudited 6 months Ended</i>	<i>Unaudited 6 months Ended</i>	<i>Unaudited 3 months Ended</i>	<i>Unaudited 3 months Ended</i>
		<i>30 June 2020</i>	<i>30 June 2019</i>	<i>30 June 2020</i>	<i>30 June 2019</i>
<i>Notes</i>		<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Income:					
Gross insurance premiums written	11	13,277,579	14,221,321	4,210,105	5,380,001
Reinsurer's share of gross insurance premiums written	11	(10,012,842)	(9,970,067)	(2,925,681)	(3,272,678)
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Net insurance premium written		3,264,737	4,251,254	1,284,424	2,107,323
Change in unearned premium reserve ("UPR"):					
Gross change in UPR	11	(5,076)	(3,430,201)	23,678	(785,738)
Reinsurer's share of UPR	11	556,017	3,349,173	469,930	735,455
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Net change in UPR		550,941	(81,028)	493,608	(50,283)
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Net insurance premium revenue earned	11	3,815,678	4,170,226	1,778,032	2,057,040
Investment income, net		281,068	592,499	205,413	332,160
Other operating income		136,592	136,587	96,174	96,204
Other Income		51,484	32,368	38,914	32,647
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		4,284,822	4,931,680	2,118,533	2,518,051
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Expenses:					
Gross claims and loss adjustment expenses paid	12	5,763,704	13,359,428	1,867,120	9,757,780

Reinsurer's share of the gross claims and loss adjustment expenses paid	12	(3,039,862)	(10,700,939)	(965,936)	(8,597,184)
Gross change in insurance liabilities	12	(1,646,869)	(5,768,226)	967,077	(7,488,395)
Reinsurer's share of the gross change in insurance liabilities	12	1,565,667	6,059,970	(1,046,222)	7,893,315
Expenses on acquisition of insurance contracts (net)	13	(1,135,491)	(807,030)	(242,233)	(240,834)
General and administration expenses		1,697,251	1,608,011	806,756	806,346
		<u>3,204,400</u>	<u>3,751,214</u>	<u>1,386,562</u>	<u>2,131,028</u>
Profit for the year before taxation		1,080,422	1,180,466	731,971	387,023
*Income tax		(168,776)	(176,662)	(121,242)	(55,868)
Profit for the year after tax		911,646	1,003,804	610,729	331,155
		<u><u>911,646</u></u>	<u><u>1,003,804</u></u>	<u><u>610,729</u></u>	<u><u>331,155</u></u>
Other comprehensive income that will be reclassified to the profit or loss					
Net change in fair value of available-for-sale investments		(475,491)	192,695	167,123	(11,416)
Impairment on investments available-for-sale recycled to profit or loss					
		<u>(475,491)</u>	<u>192,695</u>	<u>167,123</u>	<u>(11,416)</u>
Other comprehensive income for the period, net of tax		(475,491)	192,695	167,123	(11,416)
		<u>(475,491)</u>	<u>192,695</u>	<u>167,123</u>	<u>(11,416)</u>
Total comprehensive income for the period		436,155	1,196,499	777,852	319,739
		<u><u>436,155</u></u>	<u><u>1,196,499</u></u>	<u><u>777,852</u></u>	<u><u>319,739</u></u>
Basic and diluted earnings per share**	17	0.009	0.010	0.006	0.003
Total comprehensive income per share		0.004	0.012	0.008	0.003

The attached notes 1 to 20 form part of these interim condensed financial statement

