

Chairman's Report – June 2021

Dear Shareholders,

On behalf of the Board of Directors of Vision Insurance SAOG, I present the financial performance of your Company for the half yearly period ended on June 30th, 2021. The first half of 2021 has brought some good news on the global economy, indicating partial recovery from the Covid-19 crisis. Global industrial production has picked up significantly and prices of key raw materials, like iron and copper reached record level in second quarter of 2021. Crude oil prices climbed to a two year high above US\$ 70 per barrel in June 2021, assisted the S&P GCC composite index to rise by 22.35% till June 2021. With additional fiscal support in major economies and anticipated vaccine driven recovery in the second half of 2021, global growth is projected at 5.4 percent in 2021, moderating to 4.1 percent in 2022 as per World economic situation and prospect-July 2021 briefing of UN. However, uncertainty surrounds this outlook due to the unpredictable nature of path of the pandemic and the evolving of financial conditions.

Extreme softening in the premium rates for motor, shift from comprehensive to third party insurance and reduced economic activity led to a 13% contraction in the market Motor premium. The enforcement of tough price tariff led to drop in the Company's Motor portfolio by 29%. The absence of projects and loss of a major tender impacted the non-Motor premium at the gross level for the first half. Higher realized investment income and valuation gains due to improved performance of the regional markets contributed to improved comprehensive investment income during the first half.

Total Comprehensive income for the half year ended June 30, 2021 was RO 0.51 Million, against Total Comprehensive Loss of 0.43 Million in 2020. Profit after Tax for the period was RO 0.04 Million against RO 0.92 Million during the corresponding period in 2020.

Key Financial Highlights:

Key Financial Highlights are as presented below:

- Total Comprehensive Income for the half yearly period of 2021 was RO 0.51 Million against profit of RO 0.43 Million in 2020 due to gains from valuation of regional equities of RO 0.47 Million against Valuation loss of RO (0.47 Million) in 2020. Overall S&P GCC composite index was up by 22.35%, and Oman index was up by 11.06%.
- Profit after Tax of RO 43K, against RO 912 K in 2020, signifying 95% drop.
- Gross Written Premium of RO 8.02 Million, lower by 40% over RO 13.28 Million of 2020. Higher tariff maintained by the company led to a drastic drop in the Motor Premiums by 29%. The loss of some large value tender and non-recurrence of projects impacted the non-Motor premium.
- Net Written Premium at RO 2.53 Million against RO 3.26 Million of 2020, mainly due to drop in motor premium on reduced car sales due to pandemic situation, enforcement of tough tariff and underwriting controls in the face of rate of softening.
- Underwriting Results decreased by 59% to RO 1 Million from RO 2.45 Million in 2020.
- Realized Investment Income was RO 658K, higher by 134% over RO 281 K in 2020 due to regional equity markets posting positive performance in 1st half of 2021.
- Management Expenses for the half yearly period of 2021 was at RO 1.66 Million against RO 1.69 Million in the corresponding period of 2020.

Outlook for 2021:

With the latest changes in the executive management, our company is positioned now to move into its ultimate goals by maintaining the good performing business and allowing sustainable profitable growth across all lines of business. Driven by focus, transformation and customers experience, our company is building the ground for a healthy business environment in terms of Omansation, talent retention and development and customer centric organization.

With the increase in crude oil price to a two-year high exceeding US\$ 70 in June 2021, the overall GDP of Oman is projected to grow by 2.5% in 2021 as per IMF report of July 2021. The overall premium in the insurance sector during the remaining two quarters is expected to remain static with rate increased in non-motor segment offset by the softness in the motor segment. Based on the trend of results in the first half, Motor tariff has been adjusted to be more in tune with the market. The marketing and monitoring of performance has been scaled up. The Company expects to retain all the non-Motor renewals as they fall due in the second half. These combined efforts are expected to yield improved performance in the remaining part of 2021.

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
29th July 2021

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION as at 30 June 2021

	30-June-2021 RO	30-June-2020 RO	2020 (Full Year Audited) RO
ASSETS			
Cash and bank balance	1,874,893	3,221,293	2,555,847
Deposits	13,805,835	13,204,872	15,104,872
Insurance and other receivables	6,729,007	8,849,932	7,848,449
Reinsurance assets	25,136,232	30,329,730	29,088,095
Available-for-sale investments	7,434,439	6,235,810	6,058,055
Property, furniture and equipment	287,378	406,708	343,947
TOTAL ASSETS	55,267,784	62,248,345	60,999,265
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	527,500	(267,420)	57,745
Legal reserve	1,185,149	1,072,832	1,185,149
Contingency reserve	2,916,685	2,550,258	2,916,686
Retained earnings	238,574	962,780	695,563
Total equity	14,955,090	14,405,632	14,942,325
Liabilities			
Insurance contract liabilities	30,919,114	36,225,480	34,811,741
Employees' end of service benefits	213,948	346,667	342,524
Trade and other liabilities	9,179,632	11,270,566	10,902,675
Total liabilities	40,312,694	47,842,713	46,056,940
TOTAL EQUITY AND LIABILITIES	55,267,784	62,248,345	60,999,265
Net assets per share (RO)	0.150	0.144	0.149

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME For the period ended 30 June 2021

	Unaudited 6 months Ended 30 June 2021 RO (Unaudited)	Unaudited 6 months Ended 30 June 2020 RO (Unaudited)	Unaudited 3 months Ended 30 June 2021 RO (Unaudited)	Unaudited 3 months Ended 30 June 2020 RO (Unaudited)
Income:				
Gross insurance premiums written	8,023,163	13,277,579	3,423,969	4,210,105
Reinsurer's share of gross insurance premiums written	(5,492,013)	(10,012,842)	(2,412,276)	(2,925,681)
Net insurance premium written	2,531,150	3,264,737	1,011,693	1,284,424
Change in unearned premium reserve ("UPR"):				
Gross change in UPR	2,159,958	(5,076)	3,091,875	23,678
Reinsurer's share of UPR	(2,195,263)	556,017	(2,895,151)	469,930
Net change in UPR	(35,305)	550,941	196,724	493,608
Net insurance premium revenue earned	2,495,845	3,815,678	1,208,417	1,778,032
Investment income, net	657,673	281,068	296,486	205,413
Other operating income	107,784	136,592	24,086	96,174
Other Income	45,272	51,484	29,706	38,914
	3,306,574	4,284,822	1,558,695	2,118,533
Expenses:				
Gross claims and loss adjustment expenses paid	4,571,960	5,763,704	1,852,145	1,867,120
Reinsurer's share of the gross claims and loss adjustment expenses paid	(2,431,563)	(3,039,862)	(808,603)	(965,936)
Gross change in insurance liabilities	(1,732,670)	(1,646,869)	(998,768)	967,077
Reinsurer's share of the gross change in insurance liabilities	1,756,600	1,565,667	931,823	(1,046,222)
Expenses on acquisition of insurance contracts (net)	(564,707)	(1,135,491)	(297,714)	(242,233)
General and administration expenses	1,659,234	1,697,251	851,315	806,756
	3,258,854	3,204,400	1,530,198	1,386,562
Profit for the year before taxation	47,720	1,080,422	28,497	731,971
*Income tax	(4,709)	(168,776)	(4,709)	(121,242)
Profit for the year after tax	43,011	911,646	23,788	610,729
Other comprehensive income that will be reclassified to the profit or loss				
Net change in fair value of available-for-sale investments	469,755	(475,491)	290,784	167,123
Other comprehensive income for the period, net of tax	469,755	(475,491)	290,784	167,123
Total comprehensive income for the period	512,766	436,155	314,572	777,852
Basic and diluted earnings per share**	-	0.009	-	0.006
Total comprehensive income per share	0.005	0.004	0.003	0.008