

Half-yearly Results - 2017

CHAIRMAN'S REPORT

Dear Shareholders,

The Directors have pleasure in presenting the Unaudited Accounts of Al Ahlia Insurance Co SAOG (under transformation) (the 'Company') for the half year ended 30 June 2017.

Review of the half year's performance

The Company has delivered strong performance in H1 2017 with its continued focus on profitability and providing best-in-class customer services. Some of the key highlights relating to the Company's business and financial performance are as follows:

Underwriting performance in H1 2017

- The Company continues to focus on its underwriting discipline with focus on profitability
- The loss ratio for H1 2017 at 52.7% is significantly better than H1 2016 at 56.4% and the combined ratio for H1 2017 has improved to 81.5% vs. 84.9% in H1 2016
- As a result, notwithstanding the decline in GWP, the net underwriting profit registered a growth of 9.6% (to OMR 2.3 million in H1 2017 from OMR 2.1 million in H1 2016)

Investment performance

- Investment income improved to OMR 0.735 mn in H1 2017 vs. OMR 0.520 mn in H1 2016 recording a growth of 41.4%. The increase is a result of the restructuring of the investment book taking advantage of the favourable interest rate environment. The investment book continues to be of strong quality, low risk, low volatility and liquid investment in line with the investment strategy.

New initiatives

- Some of the key initiatives launched during H1 2017 include providing customers the option to purchase policies online, over the phone or face-to-face. Call Centre was launched with payment gateway on 1 March 2017 and the online platform was launched on March 5 2017

- In June 2017, Al Ahlia Insurance also launched the new SME web pre-underwritten quotation platform

Shareholder returns

- Profit after tax has grown by 14.5% to RO 2.56 mn in H1 2017 vs. RO 2.24 mn in H1 2016
- EPS increased from 22 Baizas in H1 2016 to 26 Baizas in H1 2017. Further, for trailing twelve months (TTM) as on 30 June 2017, the Company's EPS is 24 Baizas
- Net asset value per share increased to 385 Baizas as on 30 June 2017 compared to 360 Baizas as on 31 December 2016

For and on behalf of the Board

Anwar Ali Sultan Chairman

Al Ahlia Insurance Co SAOG (under transformation)
Muscat, Sultanate of Oman. Date: 25th July 2017

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT

	30 Jun 2017 (Unaudited) RO	31 Dec 2016 (Audited) RO
ASSETS		
Cash and cash equivalents	1,523,375	1,281,185
Bank deposits	39,166,910	41,303,194
Premiums and insurance balances receivable	9,974,799	7,113,464
Reinsurer's share of outstanding claims	1,081,416	1,910,224
Other receivables and prepayments	4,531,685	3,957,100
Investments at fair value through profit or loss	33,168	35,864
Deferred tax asset	69,659	69,659
Available-for-sale investments	71,429	71,429
Held-to-maturity investments	2,059,504	87,419
Premises and equipment	379,823	401,486
Goodwill	15,448,529	15,448,529
TOTAL ASSETS	<u>74,340,297</u>	<u>71,679,553</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	10,000,000	10,000,000
Special reserve	11,784,883	11,784,883
Legal reserve	3,909,423	3,909,423
Contingency reserve	9,764,143	9,528,286
Revaluation reserve	116,752	116,752
Accumulated losses / Profits	2,947,132	622,669
TOTAL EQUITY	<u>38,522,333</u>	<u>35,962,013</u>
LIABILITIES		
Liabilities arising from insurance contracts:		
Unearned premium reserve	10,534,171	10,350,738
Gross outstanding claims	15,691,997	16,597,431
	<u>26,226,168</u>	<u>26,948,169</u>
Reinsurance balances payable	2,906,384	2,619,377
Other liabilities and accruals	4,630,836	4,432,569
Income tax payable	2,054,576	1,717,425
TOTAL LIABILITIES	<u>35,817,964</u>	<u>35,717,540</u>
TOTAL EQUITY AND LIABILITIES	<u>74,340,297</u>	<u>71,679,553</u>
Net Assets per share	<u>0.385</u>	<u>0.360</u>

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 Jun 2017 (Unaudited) RO	Six months ended 30 Jun 2016 (Unaudited) RO
Gross written premium	15,103,691	16,372,617
Reinsurance premium ceded	(2,525,378)	(3,285,317)
Net Written Premium	<u>12,578,313</u>	<u>13,087,300</u>
Movement in Reserves	(183,433)	820,297
Net insurance premium revenue	12,394,880	13,907,597
Commissions received on ceded reinsurance	437,471	569,880
Claims	(6,078,169)	(8,421,193)
Reinsurers' share of claims	(449,171)	574,884
Commissions paid	(1,331,983)	(1,603,663)
Deferred acquisition cost	312,917	193,516
Net underwriting result	<u>5,285,945</u>	<u>5,221,021</u>
General and administrative expenses	(2,986,808)	(3,123,617)
Net underwriting profit	<u>2,299,137</u>	<u>2,097,404</u>
Investment income (net)	735,376	519,950
Other (expense) / income -net	807	14,063
Profit/ (loss) before taxation	<u>3,035,320</u>	<u>2,631,417</u>
Income tax	(475,000)	(394,713)
Net Profit/ (loss) for the year	<u>2,560,320</u>	<u>2,236,704</u>
Total comprehensive income for the year	<u>2,560,320</u>	<u>2,236,704</u>
Earnings Per Share	<u>0.026</u>	<u>0.022</u>