Directors’ Report

# Dear Shareholders,

On behalf of the Board of Directors I am pleased to present the un-audited consolidated results of Al Anwar Holdings SAOG (AAH) for the six months ended 30th September, 2017.

### Financial Overview of Al Anwar Group:

The unaudited consolidated financial statements presented are an outcome of the following:

1. The revenues generated and the costs incurred up to 30th June, 2017 by its subsidiaries namely:
2. Al Anwar International Investment LLC, 100% subsidiary of AAH, primarily being used as an investment.
3. Al Anwar Development LLC, 100% subsidiary of AAH , and
4. The Share of Profit / (Loss) achieved by Associate Companies up to 30th June, 2017 in which AAH owns between 20% and 50% of their share capital or where AAH has significant influence on the Board of Directors of the company,
5. Dividends from investments,
6. Realized gains made from divestments,
7. Realised and un-realised gains / losses from other listed & unlisted securities.

Your company has reported a consolidated group net loss, attributable to shareholders of parent company, of OMR 1.004 million for six months ended 30th September, 2017 as against Profit of OMR 3.661 million for six months ended 30th September, 2016. A significant portion of the loss is attributable to the fair value adjustments on investment in OMINVEST.

The profit reported during the last year was higher mainly due to stock price movement of OMINVEST and recovery from Addax Bank during the same period.

The earning per share (EPS) was -5 baizas for the period ending as on 30th September, 2017 as against EPS of 18 baizas for the period ending as on 30th September, 2016, adjusted for the stock dividend declared in 2017.

Net asset per share of the group is 168 baizas per share as on 30th September, 2017, on the increased capital, due to stock dividend, as against 201 baizas per share as on 30th September, 2016.

**Updates on Investments**

**Al Maha Ceramics SAOG (AMC):**

Al Maha reported a reduction of 4.9% in the revenue during the period. Accordingly, net profit also declined by 28.1%. The company is following prudent and proactive approach to counter prevailing adverse market conditions.

**Voltamp Energy SAOG (VE)**:

VE reported a growth in its revenue of 4.7% but a decline of 4.3% in net profit for the period. However, the operating performance of the company was better as compared to last year due to its proactive & prudent approach, supported by good order book.

**Arabia Falcon Insurance Company SAOC (AFIC)** (Formerly known as Falcon Insurance Co SAOC):

In March 2017, we completed the part divestment of our holding in Falcon Insurance, and merger of the entire business, assets and liabilities of Oman Branches of Arabia Insurance, into Falcon Insurance. Subsequent to above transactions, Al Anwar Holdings retains 19% stake in Arabia Falcon Insurance Company SAOC.

The merged entity registered growth in business however lower profit was reported as a result of higher net claim ratio and increase in expenses.

The Company is in the process of Initial Public Offer (IPO) for listing on the Muscat Securities Market (MSM) in accordance with the CMA regulations.

**Oman International Development and Investment Co. SAOG (OMINVEST)**:

AAH (Including Group Companies) recorded total fair value loss on investments in OMINVEST was OMR 2.414 million on its entire holding. Part of the fair value loss i.e. OMR 1.024 million is included under net unrealized loss on investment at fair value through profit and loss and OMR 1.390 million is recorded as Changes in Fair value on available for sale investments under Fair Value Reserve.

**The Canadian Innovation Company for Education Services SAOC:**

During the year, AAH has acquired 43.51% stake in The Canadian Innovation Company for Education Services SAOC, which owns and operates an International School in Muscat. The school started the year at a positive note to register more students than last year.

**Outlook:**

AAH has maintained a prudent and pro-active approach towards managing its investments. Business lines of our group companies are making efforts to have continued stability in the present challenging market environment.

In the current market, AAH sees opportunity to make further investment and the group is exploring opportunities in the strategic sectors, which will be able to diversify its investment portfolio.

We are confident that AAH will play a pivotal role in Oman's economic growth, create job opportunities for Omani nationals, and attract investments in our country.

**Thanks and Appreciation:**

On behalf of the Board, I would like to convey our loyalty, gratitude and extreme thanks to His Majesty Sultan Qaboos Bin Said and to His Majesty's Government for incentives and support for all round sustainable development in the Sultanate.

The Board records its sincere appreciation to Ministry of Commerce and Industry, Capital Market Authority, MSM, Customers, Bankers and Auditors for their continued support to the Company and the Group.

I would also like to express my sincere appreciation to the Board of Directors of all Al Anwar Group companies for direction given to the managements of the respective companies. I place on record my sincere thanks and appreciation for the dedicated efforts of the management team and all employees of the holding company and the group companies.

I would also like to convey my sincere thanks to the Shareholders of the Company for the confidence they have reposed in the company and in its Board.

**For & on behalf of the Board of Directors of**

**Al Anwar Holdings SAOG**

**Masoud Humaid Al Harthy**

**Chairman**

Date: 06.11.2017