

## **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 financial year ended 31<sup>st</sup> March, 2018

### **General Economic Environment:**

The Oman Government has announced a Balanced Budget for 2018 with projected GDP growth of 3%, with primary focus on maintaining the current level of economic activities, to sustain the private sector investments and in line with the objectives set out by the Ninth Five-year Development Plan (FY2016-2020).

The Government's objective is to diversify the economy away from Oil dependency, and to ensure the implementation and completion of projects in key sectors in addition to oil and gas sector. These objectives will lead to achieve a positive impact on economic growth and further, revitalizing non-oil revenues and enhancing their contributions to overall government revenues. Also, limiting the growth of public debt, and reduce it over the coming years whilst maintaining domestic liquidity would provide comfort to the Banking sector. All these initiatives are expected to provide fertile investment climate for your company.

### **The Year in Retrospect:**

The year 2017-18 was an eventful year for Al Anwar Holdings which witnessed a series of successful investment transactions. Our investments contributed positively by way of share of profits & realized gains.

During the year the Company received 'Quality of Disclosure' award instituted by the Muscat Securities Market (MSM) in recognition of our commitment to apply the best disclosure and corporate governance practices.

During the year we successfully completed the sale of 9% stake in OMINVST and generated liquidity of around OMR 31 million and realised gain of OMR 3.67 million.

Aiming a healthy diversification of our investment portfolio, AAH acquired stake in three companies namely Oman Chlorine SAOG (15.11%) National Detergent Co. SAOG (20.94%) and National Biscuits Industries Ltd. SAOG (28.92%).

AAH has also entered into a Hotel Management Agreement with Accor Hotels for developing a 4 Star Business Hotel – "NOVOTEL" with an objective of making a foray into the tourism sector in Oman. Total investment outlay for the project is estimated to be around OMR 11.5 million.

AAH has entered into a Shareholder's Agreement with Hormozgan Cement Co. (HCC), Iran to establish "Hormuz Al Anwar Cement SAOC" (HAC) with an object to start a green-field cement grinding unit in the Special Economic Zone, Al Duqm (SEZD) with capacity of 1.0 MTPA. Total investment outlay for the project is expected to be OMR 14 million.

## **2. Al Anwar Development LLC (AAD):**

AAD is a 100% subsidiary incorporated during the year 2008. In April 2017, AAD purchased, for and on behalf of Al Anwar Holdings, 43.51% stake in Al Ruwad International Education Services SAOC, which owns and operates Al Ruwad International School in Muscat.

## **3. Al Anwar Hospitality SAOC (AAHS):**

The wholly owned subsidiary has been formed in the 2017 with the object to develop hotel project of AAH.

### **Associates:**

#### **1. Al Maha Ceramics SAOG (AMC):**

Al Maha reported a reduction of 2.4% in the revenues and a 28% decline in net profit for the period, which is mainly attributed falling selling prices, rise in cost of electricity by approximately 50.0% and an increase in natural gas price by 3.0%. The company is following prudent and proactive approach to counter prevailing market conditions.

#### **2. Voltamp Energy SAOG (VE):**

VE reported a growth in its revenue of 4.6% but a decline of 16.6% in net profit for the period. The decline in profit can be attributed mainly to increase of major raw material prices, utility charges and intense competition the market.

#### **3. Arabia Falcon Insurance Company SAOG (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. The merged entity, Arabia Falcon Insurance Co. SAOG, registered growth in business however a decline in profit was recorded as a result of higher net claim ratio and higher expenses ratio.

The company offered 25,825,415 Shares (25%) to the public for the subscription through the IPO. The shares got listed on the Muscat Security Market (MSM) on 14<sup>th</sup> May 2018. Al Anwar Holdings holds 22.6% stake in AFIC, as of the date.

#### **4. Al Ruwad International Education Services SAOC (AIES):**

During the year, AAH has acquired 43.51% stake in AIES, which owns and operates Al Ruwad International School in Muscat. The school started the year with good results due to registering more students than last year, growth in gross revenue and net profit.

### **Corporate Governance:**

The company stands committed to fully adhere to the Code of Corporate Governance issued by the Capital Market Authority. A report on Corporate Governance and also a Management Discussion and Analysis Report have been included in the Annual Report.

### **Thanks and Appreciation**

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

The Board records its sincere appreciation to the Ministry of Commerce and Industry, Capital Market Authority, 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 management 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: 23<sup>rd</sup> May'2018