

## **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 nine months ended 31<sup>st</sup> December, 2014.

### **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 30<sup>th</sup> September, 2014 by its subsidiaries namely:
  - a. Falcon Insurance Company SAOC, 51.04% subsidiary of AAH, engaged in Insurance activities in Oman,
  - b. Al Anwar International Investment LLC, 100% subsidiary of AAH, primarily being used as an investment arm, and
  - c. Al Anwar Development LLC, 100% subsidiary of AAH.
2. The Share of Profit / (Loss) achieved by Associate Companies up to 30<sup>th</sup> September, 2014 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,
3. Dividends from investments,
4. Realized gains made from divestments,
5. Realised and un-realised gains / losses from other listed & unlisted securities.

Your company has achieved a consolidated group net profit, after tax, attributable to shareholders of parent company, of RO 3.719 million for nine months ended 31<sup>st</sup> December, 2014 as against RO 1.794 million for nine months ended 31<sup>st</sup> December, 2013.

The earning per share (EPS) was 38 Baisa (annualised) as on 31<sup>st</sup> December, 2014 as against EPS of 20 Baisa (annualised) as on 31<sup>st</sup> December, 2013.

Net asset per share of the group is 189 Baisa per share as on 31<sup>st</sup> December, 2014, on the increased capital due to stock dividend, as against 174 Baisa per share as on 31<sup>st</sup> December, 2013.

### **Updates on Investments**

- (i) Falcon Insurance Co. SAOC (Falcon): Falcon reported an increase in gross premium written. The net profits have also improved despite a decline in investment income. However, during the post balance sheet period, the company witnessed a decline in its investment income in line with market and also a surge in net claim ratio, which has negative impact on the profit of the company and therefore will also have an impact on next quarterly financials of AAH.

- (ii) Al Maha Ceramics Co. SAOG (Al Maha): During the quarter the Initial Public Offering (IPO) was concluded with success, which was oversubscribed by 19 times and AAH has divested 14.8% stake in the company through this IPO. Our current shareholding stands at 21.26%. Al Anwar Holdings SAOG has recorded a profit of RO 1.45 million in the Group consolidated financials and RO 2.01 million in Parent Company financials from this transaction

Al Maha recorded 14% higher revenue during the period as compared with last year mainly on account of better average realization, but reported a decline of 10% in profit during the period as compared to the same period of last year, on account of a provision made for clay. However, during the post balance period, Al Maha had reversed 50% of the provisions based on final demand raised by the authority.

- (iii) Voltamp Energy SAOG (VE): VE reported a growth in its revenue of 4% and reported a growth of 10% in net profit for the period, mainly due to lower losses in power transformer division and better performance of distribution transformer division.
- (iv) Taageer Finance Co. SAOG (Taageer): Al Anwar Holdings SAOG has sold its entire stake of 33.63% (held by Al Anwar Holdings and its subsidiary) and generated sales proceeds of RO 13.6 million which was partly utilized for repayment of term loans and subsequent investment opportunities.

The sale transaction has generated a profit of RO 0.276 million in the consolidated group financials of the company and RO 2.7 million in Parent Company financials, based on the carrying cost of the investment as on 30<sup>th</sup> September, 2014. Subsequent to sale transaction, Taageer ceased to be associates of AAH.

### **Outlook:**

Oman's economic growth momentum continued to be robust, driven primarily by public sector activities backed by domestic demand. For the 9 month period Jan-Sept 2014 the Gross Domestic Product (GDP) at current prices witnessed a 5.2% increase to RO 23.62 billion from RO 22.45 billion during the same period last year. In the light of recent sharp fall in crude oil prices, the Oman government's 2015 budget displayed the state's commitment that critical projects will remain on track. The budget plans and the projects intended to diversify the economy, and stimulate economic growth, with exhibiting a 4.5% Y-o-Y increase in the public expenditure.

We believe that the current Government's expenditure plan will ensure that economic growth is maintained robust. The companies in our group are expected to benefit from the growing economic environment and this could also present Al Anwar Holdings opportunities for making investments in the specified industries.

### **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  
AI Anwar Holdings SAOG**

**Masoud Humaid Al Harthy  
Chairman**

Date: 11/02/2015