

## **Directors' Report**

### **Dear Shareholders,**

On behalf of the Board of Directors I am pleased to present the un-audited condensed interim consolidated results of Al Anwar Holdings SAOG (AAH) for the nine months ended 31<sup>st</sup> December, 2012.

Al Anwar Holdings SAOG is an Omani Joint Stock Investment Holding Company registered in the Sultanate of Oman. The business activities of the company include equity participation in new and existing business ventures across various sectors.

### **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, 2012 by its subsidiaries namely:
  - a. Falcon Insurance Company SAOC, 51% stake,
  - b. Al Anwar International Investment LLC, 100% subsidiary of AAH, primarily being used as an investment arm, and
  - c. Al Anwar Development LLC (Formerly known as Al Anwar Securities SAOC) (AAD), 100% subsidiary of AAH. Based on the recommendation of the Board and approval of the shareholders, the company has changed its name and structure to Al Anwar Development LLC and reduced its capital to RO 500,000 from the earlier capital of RO 1 million with effect from 6<sup>th</sup> November, 2012.
2. The Share of Profit / (Loss) achieved by Associate Companies up to 30<sup>th</sup> September, 2012 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.

I am pleased to report that your company achieved a consolidated group net profit after tax attributable to shareholders of parent company of RO 1.039 million for nine months ended 31<sup>st</sup> December, 2012 as against RO 0.491 million for the same period ended 31<sup>st</sup> December, 2011, an increase of 111%

The earning per share (EPS) was 12 Baisa (annualised) as on 31<sup>st</sup> December, 2012 as against EPS of 5 Baisa (annualised) as on 31<sup>st</sup> December, 2011, an increase of 111%.

Net asset per share of the group is 160 Baisa per share as on 31<sup>st</sup> December, 2012 as against 151 Baisa per share as on 31<sup>st</sup> March, 2012 i.e. beginning of the period, an increase of 6% during the period.

### **Updates on Investments**

- (i) Falcon Insurance Co. SAOC (Falcon): Falcon reported 6% growth in gross premium written and significant increase in profit during the period as against losses for the same period last year. Falcon is carefully expanding its business base and rationalizing the risk profile of business written. During the month of September, 2012 Falcon's shareholders approved a capital increase through rights issue of RO 1 million in an Extra Ordinary General meeting. AAH has contributed its share of RO 510,000 in the increased capital. The additional capital has been registered by 31<sup>st</sup> December, 2012.
- (ii) Al Maha Ceramics Co. SAOC (Al Maha): Al Maha has recorded 50% growth in revenue and significant growth in Profit during the period as compared to the same period of last year. The company has increased its installed capacity by addressing the bottlenecks and therefore was able to increase the production substantially during the period.
- (iii) Voltamp Energy SAOG (VE): VE reported 14% growth in revenue on account of improved order book. However, a drop of 39% was reported in the net profit for the period up to 30<sup>th</sup> September, 2012 as compared with the same period last year. The transformer division reported an increase in its net profit. However, the power transformer division in Sohar being in startup stage is yet to attain optimal utilisation. VE has intensified its efforts to increase the order book at the power transformer division and at the same time looking for cost rationalization.

- (iv) Taageer Finance Co. SAOG (Taageer): Taageer reported a growth of 8% in the gross income and 34% growth in net profit after tax mainly on account of savings in the finance cost during the period as compared with last year.
- (v) Almondz Global Securities Ltd, India (AGSL): The share price of AGSL continues to be depressed. As a result of this, AAH has booked further losses on fair valuation of the same during this quarter.
- (vi) Addax Bank Bahrain (Addax): Addax reported losses during the last quarter due to reduced income and further decline in the value of its investments. The fair value of the investment has been marked to its net asset value as on the date of the financial statements. AAH has initiated a commercial claim in Bahrain to recover the amount invested in its shares during 2009. The case is being pursued with GCC Arbitration Centre, Bahrain and Urgent Matter Court.

**Outlook:**

Global conditions have improved and a gradual upturn is expected in 2013. On a long term outlook, our investments in the Financial Services, Manufacturing and Energy sectors are promising and are expected to enhance our income and diversify our income streams in future. These investments are also expected to enhance the market value of our portfolio.

Keeping in view the investment strategy, we are evaluating a number of investment opportunities for the year 2013.

**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 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 AI 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  
AI Anwar Holdings SAOG**

**Masoud Humaid Al Harthy**  
**Chairman**

Date: 10/02/2013