

## Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the un-audited consolidated results of Al Anwar Investments SAOG (AAI) for the nine-month period ended on 31 December 2021.

### Financial Overview of Al Anwar Investments Group ("AAI")

Net Income during the nine month has increased to OMR 1,473,000 from OMR 1,215,000 during the same period last year. In addition, AAI has achieved a consolidated net profit after tax of OMR 336,000 compared to a net profit after tax of OMR 67,000 during the same period last year.

Net asset per share of the Group has decreased to 156 Baisas per share on 31 December 2021 as against 157 Baisas per share on 31 December 2020.

### Investment update

#### 1. Al Maha Ceramics SAOG

The Company has reported revenue of OMR 7,355,051 for the nine-month period ended on 30 September 2021, as compared with OMR 6,499,909 during the previous period, a growth of 13%. Net profit after tax for the period is OMR 1,840,840 as compared to OMR 1,025,822 in the previous period, a growth of 79%, which is mainly due to increase in sales revenue and effective cost control measures taken at various levels.

#### 2. Voltamp Energy SAOG

The Company has reported revenue of OMR 19,760,603 for the nine-month period ended on 30 September 2021, as compared with OMR 25,971,688 during the previous period, a decline of 24%. Net loss after tax (attributable to shareholders of Parent Company) for the period is OMR 490,600 compared to net loss of OMR 19,078 in the previous period. One of the subsidiaries of the Company, Voltamp Power SAOC has achieved a major

milestone in manufacturing its first 500MVA / 220 kV class transformer which is one of its kind and the largest to be manufactured the GCC region. The Company has also received an order for a transformer to be used in a solar power project and a number of orders from Oil & Gas sector in both domestic and export market. The substantial increase in raw material prices has however impacted the company's profitability.

### **3. Arabia Falcon Insurance Company SAOG**

The Company has reported Gross Written Premium of OMR 14,495,060 during the nine-month period ended on 30 September 2021 as compared to OMR 12,232,125 for the previous period, a growth of 18%. The Net profit after tax for the period is OMR 1,053,787 compared to OMR 977,080 in previous period, an increase of 8%. This is contributed by better underwriting income combined with lower operating expenses.

### **4. Al Ruwad International for Education Services SAOC**

The Company has reported decline in revenue and profitability for the nine-month period ended on 31 October 2021. This is primarily due to lower number of students enrolled in the school during the last academic year. The combined impact of Covid 19 and the challenging economic conditions had a considerable impact on private schools in Oman. Official statistics indicate that student enrollment in private schools in Oman has reduced from 116,483 in 2019/20 school year to 78,529 in the 2020/21 school year (a decrease of over 33%).

The school is now approved to provide International Baccalaureate (IB) curriculum at all levels. This should improve the school's competitive position and support it in attracting higher number of students in future years.

### **5. National Biscuits Industries Ltd. SAOG**

The Company has reported revenue of OMR 7,505,348 for the nine months period ended on 30 September 2021, compared with OMR 9,388,999 during the previous period. Net profit after tax for the period is OMR 275,139 as compared to OMR 600,150 in the previous year, a decline of 54%. This is largely due to increase in cost of raw materials, rising logistic costs and a loss of a contract from a major client. The company is about to launch a new line of premium biscuit & cookies which should mitigate its reliance on the shrinking market of traditional biscuits.

### **6. The National Detergent Co. SAOG**

The Company reported revenues of OMR 13,958,396 for the nine-month period ended on 30 September 2021, as compared with OMR 16,571,741 for the previous period, a reduction of 16%. Net profit for the period is OMR 114,192 as compared to OMR 971,387

in the previous period, a decline of 88%. Decline in demand from consumers and increase in raw material prices are the main factors that affected financial performance of the company. To reduce this impact, NDC is focusing on controlling costs and introducing new products.

## **7. Oman Chlorine SAOG**

The Oman Chlorine Group has reported revenue of OMR 13,165,000 for the nine-month period ended on 30 September 2021 as compared with OMR 11,925,000 in the previous period, a growth of 10%. Net loss (attributable to Parent Company Shareholders) for the period is OMR 459,000 as compared to profit of OMR 14,000 in the previous period. This significant decline in profitability is mainly on account of losses reported by the subsidiaries located in UAE and Qatar. The Oman operation reported a net profit of OMR 1,215,000 compared to previous period profit of OMR 1,022,000, an increase of 19%. The overall sales volume in the Oman plant increased during first Nine months of 2021 by 34.2% owing to improved demand mainly for Caustic lye, Hydrochloric Acid and Calcium Chloride

**Union Chlorine LLC, UAE, a subsidiary,** has declared net loss of OMR 1,048,000 during the nine-month period ended on 30 September 2021 compared to loss of OMR 570,000 in previous period. The parent company's share of loss is OMR 628,000. The decrease in revenue was because of lower volume in our caustic soda lye, Hypo and calcium chloride prills. Recently a major contract for supply of Hydrochloric Acid was awarded by the major Oil and gas producer in UAE for five years, this should improve revenue, EBITDA and Net profit of the company upon the commencement of the deliveries expected in Q4 2021.

**Gulf Chlorine WLL, Qatar, a subsidiary,** has declared a net loss of OMR 2,044,000 during the nine-month period ended 30 September 2021 compared to a loss of OMR 1,302,000 in previous period. The parent company's share of loss is OMR 1,042,000. The company has reported higher plant capacity utilization during third quarter of 2021 and management expect more improvement in plant capacity utilization in the short term with the increase production of Calcium Chloride plant through the Joint Venture. The Company entered a non-breakable sole supply contract with major MNC in oil & Gas sector for supply of company's products for 18 months starting from September 2021. it has already started exports to Spain, Sudan, Ethiopia, Peru and also has signed a new contract for supply of 3,000MT of HCL per month to Saudi, execution of which will start once the land border with Saudi opens.

## 8. Almondz Global Securities Ltd, India

Al Anwar currently holds 11.94% (3,091,500 shares) in AGSL and previously classified this investment as fair value through profit or loss account (FVTPL) since year 2007 and carried at market value. Based on the appointment of Al Anwar representative in the three sub-committees on 24th June 2021, Board reclassified investment in AGSL as Associate and carried at its share of the identifiable net assets of AGSL as at 30 June 2021. However, the Company is not able to exercise significant influence solely by appointment of its Directors in sub-committees. Hence, Board has resolved to revise the reclassification of investment to FVTPL.

The Company has reported revenue from operation of OMR 1,804,000 for the half year ended on 30 September 2021, as compared with OMR 1,507,000 during the previous period, a growth of 20%. Net profit after tax for the period is OMR 695,000 as compared to OMR 389,000 in the previous period, a growth of 79%.

## 9. 9. Dhofar International Development and Investment Holding SAOG (DIDIC),

In the previous years, investment in DIDIC was classified partly as FVTPL at and partly as FVOCI. At 31 March 2021, Al Anwar held total investment in DIDIC of OMR 5.8 million, out of which, OMR 4 million was classified as FVTPL and remaining OMR 1.8 million was classified as FVOCI. According to the Board's decision, the entire investment in DIDIC was strategic, and accordingly should have been classified as investment at FVOCI effective from 1 April 2018, upon adoption of IFRS 9 Financial instruments. Consequently, with effect from 1 April 2018, the portion which was classified as FVTPL was reclassified as FVOCI as correction of error in interim financial statements. However, the reclassification from FVTPL to FVOCI cannot be considered as prior year error under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Hence, Board resolved to reverse the classification.

DIDIC has reported net profit for the period is OMR 5,006,532 as compared to OMR 46,652,743. The nine-month comparative of last year included a one-time deemed acquisition gain of subsidiaries and associates of OMR 45,717,782.

The Company also successfully completed its Rights Issue of RO 28.60 million comprising of 150,526,316 shares resulting in an increase in its paid-up capital to RO 54.472 million. Also, the Company settled all the outstanding Subordinated Bonds including accrued interest partly by issue

of additional equity shares through the Rights Issue and partly by cash.

## **Future Outlook**

Oman's economy is expected to continue to improve as restrictions related to Covid-19 ease and oil prices recovers from the lows witnessed in prior years. S&P Global Ratings has revised Oman's rating outlook to positive from stable, citing its improving fiscal position, progress on reforms and rising oil prices.

AAI has maintained a prudent and active approach towards managing its investment portfolio. Our objective this year is to:

- continue to support and pro-actively manage our investment companies and,
- take advantage of investment opportunities available in the market

We are confident that AAI and its Group companies will continue to play a pivotal role in Oman's economic growth, create job opportunities for Omani nationals, and attract foreign investments in the Sultanate of Oman.

## **Thanks, and Appreciation**

On behalf of the Board of Directors, I would like to take this opportunity to express our greetings and good wishes to His Majesty Sultan Haitham bin Tarik, and pray to Allah to grant him and his government success to lead the country and the people to greater prosperity and progress.

The Board records its sincere appreciation to Ministry of Commerce and Industry and Investment Promotion, Capital Market Authority, Muscat Stock Exchange, Bankers, Auditors for their continued support to AAI and the group companies.

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 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 group companies.

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

For & on behalf of the Board of Directors of

**AI Anwar Investments SAOG**

**Masoud Humaid Malik Al Harthy**

Chairman

February 13, 2022