

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 2022.

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

The Company reported a consolidated net loss of OMR 879,266 for the nine-month period ended on 31 December 2022 as against a profit of OMR 335,646 for the period ended on 31 December 2021, mainly due to fair value loss of OMR 744,788 on company's marked to market investments listed on Muscat Security Exchange (MSX) and in India.

In 2022 the Company has invested in securities which have been classified as Fair Value through Other Comprehensive Income (FVOCI). The profits or loss from these investments are therefore classified in Other Comprehensive Income and do not impact the Net Profit/(loss) of the Company. The total value of the securities classified as FVOCI has increased from OMR 3,683,868 as of December 2021 to OMR 9,661,999 as of 31 December 2022.

As of 31 December 2022, a profit of OMR 2,099,439 has been generated from investments classified as FVOCI and as result the total comprehensive income (Net Profit/(loss) plus Other Comprehensive Income) for the nine-month period ended on 31 December 2022 was OMR 1,031,000 as against a profit of OMR 141,212 for the period ended on 31 December 2021.

Net asset per share of the Company as on 31 December 2022 was 152 Baizas per share against 156 Baisas per share as on 31 December 2021.

Investment update

1. Al Maha Ceramics SAOG

Al Maha has reported revenue of OMR 7,606,280 for the nine-month period ended on 30 September 2022, as compared with OMR 7,371,829 during the previous period, a growth of 3%. Net profit after tax for the period is OMR 1,859,379 as compared to OMR 1,840,840 in the previous period, a growth of 1%, which is mainly due to increase in sales revenue and effective cost control measures taken at various levels. In 2022, the Company acquired a 45% stake in Al Hael Ceramics at a total investment of OMR 2,100,000 and as per the management agreement, AMC will manage factory of Al Hael for the next 5 years.

2. Voltamp Energy SAOG

The Company has reported revenue of OMR 26,398,357 for the nine-month period ended on 30 September 2022, as compared with OMR 19,760,603 during the previous period, a growth of 34%. Net loss after tax (attributable to shareholders of Parent Company) for the period is OMR 1,437,623 compared to net loss of OMR 490,600 in the previous period. The profitability was impacted primarily due to the unprecedented increase in raw material prices.

3. Arabia Falcon Insurance Company SAOG

The Company has reported Gross Written Premium of OMR 17,245,559 during the nine-month period ended on 30 September 2022 as compared to OMR 14,495,060 for the previous period, a growth of 19%. The Net profit after tax for the period is OMR 693,516 compared to OMR 1,053,787 in previous period, a decline of 34%, due to increase in Unearned Premium Reserve (UPR) and increase in Motor claims, caused by higher spare parts cost and increase in number of claims.

4. Al Ruwad International for Education Services SAOC

The Company has reported a growth in revenue and a marginal loss for the nine-month period ended on 31 October 2022 [\[ia1\]](#) as compared to loss of last year. This is primarily due to lower number of students enrolled in the school during academic year. The combined impact of Covid 19 and the challenging economic conditions had a considerable impact on private schools in Oman.

The school has entered into Governance agreement with Ellesmere School, United Kingdom on 4th November 2022. 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 9,892,000 for the nine months period ended on 30 September 2022, compared with OMR 7,415,000 during the previous period, a growth of 33%. Net loss after tax for the period is OMR 2,017 as compared to net profit to OMR 275,139 [\[ia2\]](#) in the previous year, a decline of 99%. This is largely due to increase in cost of raw materials, rising logistic costs and overheads.

6. National Detergent Co. SAOG

The Company reported revenues of OMR 14,852,204 for the nine-month period ended on 30 September 2022, as compared with OMR 13,958,396 for the previous period, a growth of 6%. There is visible sign of improvement in the consumers sentiment post pandemic, resulting in gradual increase in demand of Company's products in the marketplace.

Net loss for the period is OMR 387,944 as compared to net profit of OMR 114,192 in the previous period, which is primarily a result of increase in materials prices and logistic costs globally due to geopolitical situation and higher crude oil price.

7. Oman Chlorine SAOG

Oman Chlorine Group has reported revenue of OMR 23,470,000 for the nine-month period ended on 30 September 2022 as compared with OMR 13,165,000 in the previous period, a growth of 78%. Net Profit (attributable to Parent Company Shareholders) for the period is OMR 2,536,000 as compared to loss of OMR 459,000 in the previous period.

The Oman operation reported a net profit of OMR 2,127,000 compared to previous period profit of OMR 1,215,000, an increase of 75%. The overall sales revenue in the Oman plant increased during nine months of 2022 by 47% due to higher production volume resulting from expansion and improved sales prices for company products.

Union Chlorine LLC, UAE, a subsidiary, has declared net profit of OMR 885,000 during the nine-month period ended on 30 September 2022 compared to loss of OMR 1,048,000 in previous period. The parent company's share of profit is OMR 530,000. The plant operating at capacity utilization of 103%, the revenue was higher while capitalizing on the international demand & securing more contracts at higher realizations.

Gulf Chlorine WLL, Qatar, a subsidiary, has declared a net loss of OMR 234,000 during the nine-month period ended 30 September 2022 compared to a loss of OMR 2,044,000 in previous period. The parent company's share of loss is OMR 119,000. Revenue during the period has increased from OMR 3,127,000 to OMR 7,119,000. The company has managed to post net profits for Q3 2022 and also has achieved its highest export sales during July to September 2022.

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 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 portfolio investment 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. The Board has reviewed the plan to raise capital through Right issue upto OMR 10mn which is being considered during 2023.

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 Al Anwar Investments SAOG and the group companies.

I would also like to express my sincere appreciation to the Board of Directors of all of Al Anwar portfolio investment 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 Al Anwar Investments for the confidence they have reposed in the company and its Board.

For & on behalf of the Board of Directors of

Al Anwar Investments SAOG

Masoud Humaid Malik Al Harthy

Chairman

6 February 2023