

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 first quarter ended 30th June, 2017.

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 31st March, 2017 by its subsidiaries namely:
 - i. Al Anwar International Investment LLC (AAII), 100% subsidiary of AAH, primarily being used as an investment arm, and
 - ii. Al Anwar Development LLC (AAD), 100% subsidiary of AAH.
2. The Share of Profit / (Loss) achieved by Associate Companies up to 31st March, 2017 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 the shareholders of parent company, of RO 524,761 for the first quarter ended 30th June, 2017 as against RO 4.274 million for the first quarter ended 30th June, 2016.

The profit reported during the last year was exceptionally high mainly due to extraordinary stock price movement of Ominvest and recovery of significant amount from Addax Bank during the same period.

The earning per share (EPS) was 3 Baisa as on 30th June, 2017 as against EPS of 21 Baisa as on 30th June, 2016, adjusted for the stock dividend declared for financial year ended as on 31st March, 2017.

Net asset per share of the group is 187 Baisa per share as on 30th June, 2017, on the increased capital due to stock dividend, as against 184 Baisa per share as on 30th June, 2016.

Updates on Investments

Al Maha Ceramics SAOG (AMC): Al Maha reported an increase of 3% in the revenue during the period, however, its net profit declined by 22%. The decline was due to stiff competition and increased cost of operation. However, the prudent policies ensured that the company was resilient and achieved unscathed results relative to the industry.

Voltamp Energy SAOG (VE): VE reported a growth in its revenue of 12% and a growth of 10% in net profit for the period. The performance of the company has improved during the period due to operational efficiencies, cost optimization and higher revenue.

Arabia Falcon Insurance Company SAOC (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. Subsequent to above transactions, Al Anwar Holdings retains 19% stake in Arabia Falcon Insurance Company SAOC (merged entity) and hence, this investment ceased to be Subsidiary and classified as Associate for the subsequent periods.

For the period, AFIC reported Net Earned Premium of RO 2.89 mn and profit of RO 290,344. The Company is in the process of issuing its Initial Public Offer (IPO) for listing on the Muscat Securities Market (MSM) in accordance with the CMA regulations.

Oman International Development and Investment Co. SAOG (OMINVEST): As at end of the quarter, AAH and AAI held a total 10.15% stake in OMINVEST which is re-classified in accordance with IFRS 9. Accordingly, out of total fair value gain of RO 1.562 million on its entire holding RO 0.524 million is recorded as Investment Income on investment at Fair Value through Profit & Loss Account (FVTPL) and RO 1.038 million is recorded as Changes in Fair value on Available for Sale (AFS) investments under other comprehensive income.

Alruwad International School (AIS): In April 2017, Al Anwar Development LLC, 100% subsidiary of Al Anwar Holdings SAOG purchased, for and on behalf of Al Anwar Holdings, 43.51% stake in The Canadian Innovation Company for Education Services SAOC, which owns and operates Al Ruwad International School in Muscat. This investment would be treated Associate as we have significant influence over the company.

Outlook:

Al Anwar has maintained a prudent and pro-active approach towards managing its investments. Business lines of our group companies are seeking stability in the present challenging market environment.

We are confident that AAH will play a pivotal role in Oman's economic growth, create job opportunities for Omani nationals, and attract investments in our country.

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
Al Anwar Holdings SAOG**

**Masoud Humaid Al Harthy
Chairman**

Date: 24.07.2017