

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 six-month period ended on 30 September 2022.

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

The Company reported a consolidated net loss of OMR 651,000 for the six-month period ended on 30 September 2022 as against a profit (restated) of OMR 653,000 for the period ended on 30 September 2021, mainly due to fair value loss of OMR 655,000 on company's marked to market investments listed on Muscat Security Exchange (MSX) and India.[\[ia1\]](#) [\[ia2\]](#)

Performance of the company has improved on quarter-to-quarter basis. As a result of increase in market price of company's investment classified at fair value, company reported loss of OMR 7,000 in Q2 of 2022-23 as compared to loss of OMR 644,000 reported in Q1 of 2022-23. Company's other comprehensive income for the Q2 of 2022-23 also reported gain of OMR 804,000 as compared to loss of OMR 371,000 for Q1 of 2022-23.

Net asset per share of the Group as on 30 September 2022 was 146 Baisas per share against 159 Baisas per share as on 30 September 2021.

Investment update

1. AI Maha Ceramics SAOG

The Company has reported revenue of OMR 5,024,354 for the six-month period ended on 30 June 2022, as compared with OMR 4,878,809 during the previous period, a growth of 3%. Net profit after tax for the period is OMR 1,323,468 as compared to OMR 1,225,901 in the previous period, a growth of 8%, which is mainly due to increase in sales revenue and effective cost control measures taken at various levels. Company has acquired 45% stake in Al Hael Ceramics at the 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 17,142,950 for the six-month period ended on 30 June 2022, as compared with OMR 11,683,718 during the previous period, a growth of 47%. Net loss after tax (attributable to shareholders of Parent Company) for the period is OMR 946,942 compared to net loss of OMR 320,187 in the previous period. The loss is mainly attributed to the increase in raw material prices which has impacted the company's profitability.

3. Arabia Falcon Insurance Company SAOG

The Company has reported Gross Written Premium of OMR 10,090,507 during the six-month period ended on 30 June 2022 as compared to OMR 9,111,999 for the previous period, a growth of 11%. The Net profit after tax for the period is OMR 340,158 compared to OMR 853,998 in previous period, a decline of 60% as a result of decrease in underwriting income and increase in operating cost.

4. AI Ruwad International for Education Services SAOC

The Company has reported a growth in revenue and a marginal profit for the six-month period ended on 31 July 2022 as compared to loss of last year. This is primarily due to higher 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 Memorandum of Understanding (MoU) with Ellesmare School, United Kingdom and expected to sign the Governance agreement near future. 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 6,241,792 for the six months period ended on 30 June 2022, compared with OMR 5,012,684 during the previous period. Net profit after tax for the period is OMR 142,754 as compared to OMR 302,195 in the previous year, a decline of 53%. 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 10,205,904 for the six-month period ended on 30 June 2022, as compared with OMR 8,980,034 for the previous period, a growth of 14%. 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 146,271 as compared to net profit of OMR 141,379 in the previous period, which is primarily on account of increase in the raw material and packaging materials mainly due to geopolitical situation, higher crude oil price and logistic challenges.

7. Oman Chlorine SAOG

The Oman Chlorine Group has reported revenue of OMR 15,445,000 for the six-month period ended on 30 June 2022 as compared with OMR 8,383,000 in the previous period, a growth of 84%. Net Profit (attributable to Parent Company Shareholders) for the period is OMR 1,762,000 as compared to loss of OMR 318,000 in the previous period.

The Oman operation reported a net profit of OMR 1,575,000 compared to previous period profit of OMR 853,000, an increase of 85%. The overall sales volume in the Oman plant increased during first six months of 2022 by 48.8% due to higher production volume resulting from expansion and improved sales prices for company products and reaching new areas in MENA, East Africa and some European regions.

Union Chlorine LLC, UAE, a subsidiary, has declared net profit of OMR 528,000 during the six-month period ended on 30 June 2022 compared to loss of OMR 879,000 in previous period. The parent company's share of profit is OMR 316,000. The plant operating at capacity utilization of 103%, the revenue was higher due to higher international price of caustic flakes.

Gulf Chlorine WLL, Qatar, a subsidiary, has declared a net loss of OMR 252,000 during the six-month period ended 30 June 2022 compared to a loss of OMR 1,258,000 in previous period. The parent company's share of loss is OMR 129,000. Revenue during the period has increased from OMR 1,656k to OMR 4,541k. The company since March 2022 is operating at 100% capacity and is expected to operate at 100% capacity for remaining period of 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 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. The Board has reviewed the plan to raise capital through Right issue upto OMR 10mn which is being considered for 2022.

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 AI Anwar Investments SAOG 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 AI Anwar Investments 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

14 November 2022