

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 three months ended at 30th June, 2010.

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 31st March, 2010 by its subsidiaries namely:
 - a. Sun Packaging Co. LLC (SPC), and
 - b. Al Anwar International Investment LLC, 100% subsidiary of AAH, primarily being used as an investment arm,
 - c. Al Anwar Securities SAOC, 100% subsidiary of AAH yet to start operations,
2. The Share of Profit / (Loss) achieved by Associate Companies up to 31st March, 2010 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 securities.

Your company achieved a consolidated group net profit after tax attributable to shareholders of parent company to the tune of RO 0.247 million for three months ended 30th June, 2010 as against a net profit of RO 0.737 million for three months ended on 30th June, 2009. The drop in net profit is mainly due to absence of any divestment during the period as compared with the same period last year.

The Earning per share (EPS) was 8 Baisa (annualised) as on 30th June, 2010 as against 24 Baisa (annualised) as on 30th June, 2009 registering a decrease of 66%.

Net asset per share of the group was 159 Baisa per share as on 30th June, 2010 as against 142 Baisa per share as on 30th June, 2009 recording an increase of 11%.

Updates on Investments

- (i) Sun Packaging Co. LLC: The company has successfully maintained its profitability over the period by closely monitoring various aspects of operations. Despite stiff competition and depressed market scenario the company was able to maintain its profit up to 74% of the profits for the same period last year.
- (ii) Falcon Insurance Co. SAOC: AAH acquired additional stake during the year to reach 51% holding in Falcon Insurance Company SAOC. Consequently the company became a subsidiary w.e.f. 1st June, 2010 and as such, only the statement of financial position of Falcon Insurance Company SAOC is consolidated as required by IAS 27.
- (iii) Al Maha Ceramics Co. SAOC: The Company has shown consistent improvement in its product line. The company has made good efforts for increasing the customer base and introducing new designs during the period.
- (iv) Taageer Finance Co. SAOG: Despite stiff competition and slow down in the economy Taageer was able to increase its profit by 32% versus the profit for the similar period last year.
- (v) Almondz Global Securities Ltd, India: With revival of economy in India, the company's performance has improved during the period. As a result the market value of investment had also increased substantially during the period.
- (vi) Addax Bank Bahrain: The Bank reported unexpected losses during the period and as a result, AAH has booked fair value losses of RO 0.185 million in this investment.
- (vii) Voltamp Energy SAOG: The Company has been able to effectively deal with current market scenario and therefore the net profit was up by 23% during 1st Quarter of 2010 v/s the same period last year. The company is in the process of executing its expansion plans.
- (viii) ABI Precision Castings SAOC (Earlier known as Al Anwar Blank Co. SAOC): The shareholders of the company decided to liquidate the company and accordingly a liquidator has been appointed and the company is under

liquidation.

Market Outlook:

The general market scenario is appearing good for near future in both domestic as well groups target export market. In view of this, all investee companies are expected to perform better than last year on both revenue and net profit front. As regards new investments, the company is adopting a cautious approach.

Long term outlook on Investments made in the Insurance sector, Ceramic Tiles and Financial Sector in India are buoyant and these investments are expected to add to the income and diversify its income streams in future. These investments are also expected to enhance the market value of the investment portfolio.

Thanks and Appreciation:

I would like to express our extreme thanks and appreciation to His Majesty Sultan Qaboos Bin Said and His Government for incentives and support for all round sustainable development in the Sultanate. I would also like to thank the Capital Market Authority and the Muscat Securities Market for their guidance and support. I also thank the Bankers, and auditors for their continued support to the Company and its 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 managements of 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.

I would like to take this opportunity to thank the outgoing CEO, Mr. Krishna Kumar Gupta for the best efforts put in by him in taking the company to greater heights. The Board is in the process of recruiting new CEO in place of Mr. Krishna Kumar Gupta who is expected to leave by September, 2010.

**For & on behalf of the Board of Directors of
AI Anwar Holdings SAOG**

**Masoud Humaid Al Harthy
Chairman**

Date: 14/08/2010