

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 six months ended at 30th September, 2011.

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 30th June, 2011 by its subsidiaries namely:
 - a. Falcon Insurance Company SAOC, 51% stake
 - b. Sun Packaging Co. LLC (SPC), 62.5% stake
 - c. Al Anwar International Investment LLC, 100% subsidiary of AAH, primarily being used as an investment arm, and
 - d. Al Anwar Securities SAOC, 100% subsidiary of AAH.
2. The Share of Profit / (Loss) achieved by Associate Companies are up to 30th June, 2011 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 0.313 million for six months ended 30th September, 2011 as against a net profit of RO 0.327 million for six months ended on 30th September, 2010, a reduction of 4%.

The earning per share (EPS) was 5 Baisa (annualised) as on 30th September, 2011 as against 6 Baisa (annualised) as on 30th September, 2010.

Net asset per share of the group was 149 Baisa per share as on 30th September, 2011 as against 160 Baisa per share as on 30th September, 2010, a decrease of 7%, mainly due to distribution of dividend in last year and losses incurred by the company between the period of 1st September, 2010 & 31st March, 2011.

Updates on Investments

- (i) Falcon Insurance Co. SAOC (Falcon): Falcon is treated as subsidiary post acquisition of the controlling stake in June, 2010. Falcon also started life insurance business during last year. However, the performance of Falcon has not been satisfactory. The company reported a marginal growth in gross premium written but reported loss as against profit for the period.
- (ii) Sun Packaging Co. LLC (SPC): AAH is in final stage of discussion to divest 51% stake out of 62.5% stake held by it in SPC. However, since few milestones are yet to be achieved, the deal is not final. A disclosure will be made as and when the deal is transacted.
- (iii) Al Maha Ceramics Co. SAOC (Al Maha): Al Maha's revenue continues to grow on a month to month basis. It recorded 49% growth in revenue and reported profits during the first six month of 2011 as against losses during 2010. Al Maha has achieved 62% capacity utilization on an average during the period.
- (iv) Voltamp Energy SAOG (VE): VE reported a growth of 13% in revenue but due to pricing pressure on account of stiff competition it reported a drop of 14% in net profit for the 6 months of 2011 as compared with last year.
- (v) Taageer Finance Co. SAOG (Taageer): Taageer reported a growth of 36% in leasing and factoring business. The gross income was 10% higher but on the back of savings in finance cost it reported a growth of 40% in net profit for the six months of 2011 over same period of last year.
- (vi) Almondz Global Securities Ltd, India (AGSL): Due to lack of adequate liquidity, the scrip of AGSL continues to be depressed. As a result of this, AAH had booked further losses on fair valuation of the same.

(vii) Addax Bank Bahrain (Addax): Addax continued to consolidate its operations and exploring possibilities of unlocking the values in its investment to meet liabilities. The fair value of the investment has been marked to its net asset value as on the date of the financial statements.

Other developments

During the period Mr. Reji Joseph has joined as Chief Executive Officer. Reji Joseph is a Chartered Accountant with a degree in Economics and has about two decades of experience in management, investment banking and corporate finance across a wide geography. He has broad management experience and international experience with an impressive track record in growing businesses. His previous experience is perfectly aligned with our values, vision and mission.

Recently Reji Joseph was the director of Corporate Finance at KPMG. His deep understanding and experience in management and finance, coupled with a demonstrated ability to deliver value make him an invaluable addition. He brings with him an impressive track record in transacting business in multiple markets.

Market Outlook:

The current global economic situation will have an impact on Oman and regional markets and the investments in the region during the short term.

On a long term outlook, our investments in the Insurance, Financial Services, and Energy sector are promising and are expected to enhance our income and diversify our income streams in future. These investments are also expected to enhance the market value of our portfolio.

Thanks and Appreciation:

On behalf of the Board, I would like to wish his Majesty Sultan Qaboos Bin Said and to convey the loyalty and gratitude and extreme thanks and appreciation to His Majesty's Government for incentives and support for all round sustainable development in the Sultanate.

The Board records its sincere appreciation to 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 Al 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.

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

**Masoud Humaid Al Harthy
Chairman**

Date: 30/10/2011