

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, 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 31st March, 2011 by its subsidiaries namely:
 - a. Falcon Insurance Company SAOC,
 - b. Sun Packaging Co. LLC (SPC),
 - 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 up to 31st March, 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 0.274 million for three months ended 30th June, 2011 as against a net profit of RO 0.247 million for three months ended on 30th June, 2010, an increase of 11%.

The Earning Per Share (EPS) was 9 Baisa (annualised) as on 30th June, 2011 as against 8 Baisa (annualised) as on 30th June, 2010 registering a increase of 11%.

Net asset per share of the group was 149 Baisa per share as on 30th June, 2011 as against 159 Baisa per share as on 30th June, 2010, a decrease of 6%, mainly due to distribution of dividend in last year and losses incurred by the company between the period of June, 2010 & March, 2011.

Updates on Investments

- (i) Falcon Insurance Co. SAOC (Falcon): Falcon is treated as subsidiary post acquisition of controlling stake in June, 2010. Falcon also started life insurance business during last year. However, the performance of Falcon has not been satisfactory. The management of Falcon has undergone change during the month of June, 2011 and it is expected that the new management would be able to turn around the company.
- (ii) Sun Packaging Co. LLC (SPC): the company is consolidating its capacity and emphasising in value added products & market. The company reported growth in revenue & net profit. The company is negotiating the divestment of 51% stake out of its 62.5% stake in the company.
- (iii) Al Maha Ceramics Co. SAOC (Al Maha): Al Maha has crossed the threshold of break even and has been consistently reporting profits during each month of the current year. Al Maha has been able to increase its capacity utilisation significantly as compared with same period last year.
- (iv) Voltamp Energy SAOG (VE): VE has started trial production in its new power transformer plant at Sohar. The performance of other divisions at VE has been in line with expectations.
- (v) Taageer Finance Co. SAOG (Taageer): Taageer continued to expand on the back of improved liquidity provided by right issue. The interest swap was better than last year and as such, reported increase in net profit as compared with last year.
- (vi) Almondz Global Securities Ltd, India: Although the performance of the company during the last quarter has been in line with expectation, however, the market response to the share and the market liquidity was not positive. As a result, we had book minor loss in the fair valuation of the investment during the quarter.

(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. Mr. Reji is a Chartered Accountant and has two decades of experience in management and investments across a wide geography. With his extensive experience AAH is expected to reach new heights and meet investor expectations.

Market Outlook:

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

The long term outlook, however on Investments made in the Insurance sector, Ceramic Tiles and Financial Services Sector 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:

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: 10/08/2011