

## **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 30<sup>th</sup> September, 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 30<sup>th</sup> June, 2010 by its subsidiaries namely:
  - a. Sun Packaging Co. LLC (SPC), and
  - b. Falcon Insurance Company SAOC (Falcon), after it became subsidiary w.e.f. 1<sup>st</sup> June, 2010,
  - c. Al Anwar International Investment LLC, 100% subsidiary of AAH, primarily being used as an investment arm,
  - d. Al Anwar Securities SAOC, 100% subsidiary of AAH yet to start operations,
2. The Share of Profit / (Loss) achieved by Associate Companies up to 30<sup>th</sup> June, 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 327,446 for six months ended 30<sup>th</sup> September, 2010 as against a net profit of RO 3,048,074 for six months ended on 30<sup>th</sup> September, 2009. The nature of company is such that majority of the profits are derived from divestment. During the current year the company did not make any divestment, while the new investments made by the company continued to be in developing stage. As a result, the profits during the current year are significantly lower than the last year.

The Earning per share (EPS) was 0.003 Baisa (annualised) as on 30<sup>th</sup> September, 2010 as against 25 Baisa (annualised) as on 30<sup>th</sup> September, 2009 registering a decrease of 88%.

Net asset per share of the group was 160 Baisa per share as on 30<sup>th</sup> September, 2010 as against 161 Baisa per share as on 30<sup>th</sup> September, 2009 recording marginal decrease.

### **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 89% 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. 1<sup>st</sup> June, 2010 and as such, the statement of comprehensive income for the one month ended as on 30<sup>th</sup> June, 2010 and the statement of financial position as on 30<sup>th</sup> June, 2010 of Falcon Insurance Company SAOC is consolidated as required by IAS 27. Falcon reported improved underwriting results and 30% higher net profit due to better quality of business underwritten.

- (iii) Voltamp Energy SAOG: The Company has been able to effectively deal with current market scenario and therefore the net profit was up by 20% during the current year versus the same period last year. The company is in the process of executing its expansion plans, with the new transformer project in Sohar.
- (iv) Taageer Finance Co. SAOG: Despite stiff competition and slow down in the economy Taageer was able to maintain the lease income and increase its profit by 7% versus the profit for the similar period last year.
- (v) Al Maha Ceramics Co. SAOC: The management of the company is well augmented now and it is addressing all the teething issues. Although the company reported positive results in June, 2010, the Year-to-date results are yet to improve. As the focus of management now shifts towards improvement of business after addressing the teething issues, it is expected that, at the end, the company would perform better than the last year.
- (vi) Addax Bank Bahrain: The Bank reported further losses during the period and as a result, AAH has booked fair value losses on this investment.
- (vii) 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 during the period.
- (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.

The Company is in the process of finalising suitable candidate for the post of Chief Executive Officer who has vast experience in the investment and management field.

**Thanks and Appreciation:**

On the occasion of the 40th National Day celebrations, on behalf of the Board, I would like to take the opportunity 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 Capital Market Authority, 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 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: 10/11/2010