

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 nine months ended at 31st December, 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 September, 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 September, 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 0.491 million for nine months ended 31st December, 2011 as against a net loss of (RO 0.343 million) for nine months ended on 31st December, 2010.

The earning per share (EPS) was 5 Baisa (annualised) as on 31st December, 2011 as against loss of 4 Baisa (annualised) as on 31st December, 2010.

Net asset per share of the group is 151 Baisa per share as on 31st December, 2011 as against 154 Baisa per share as on 31st December, 2010, a decrease of 2%.

Significant developments

As on 2nd November, 2011 we have divested 51% stake in Sun Packaging Company LLC. As such, the Statement of Income for Sun Packaging was consolidated up to 30th September, 2011. This is to have a healthy churn of our investments and also to introduce new shareholders into the company. In line with our strategy we have increased our stake in Taageer from 25.63% to 33.63% during December, 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 8% growth in gross premium written but due to increased claim ratios due to unfavorable weather conditions, reported losses during the period as against profit for the same period last year.
- (ii) Al Maha Ceramics Co. SAOC (Al Maha): Al Maha's revenue continues to grow on a month to month basis. It recorded 34% growth in revenue and reported profits during the period as against losses during the same period in last year. The management is focused on further improving the performance during the last quarter.

- (iii) Voltamp Energy SAOG (VE): VE reported a growth of 11% in revenue but due to competition and expenses of the new power transformer factory in Sohar, Voltamp Power, it reported a drop of 20% in net profit for the 9 months of 2011 as compared with last year.
- (iv) Taageer Finance Co. SAOG (Taageer): Taageer reported a growth of 11% in leasing and factoring business. Although, the gross income was only 10% higher the company reported 36% higher net profit mainly due to savings in the finance cost during the period in 2011 as compared to same period of last year.
- (v) Almondz Global Securities Ltd, India (AGSL): The scrip of AGSL continues to be depressed. As a result of this, AAH had booked further losses on fair valuation of the same.
- (vi) 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.

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 sectors 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, Central Bank of Oman and the Muscat Securities Market for their guidance and support. I also thank our Bankers, and our 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 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 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: 12/02/2012