

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 30th September, 2013.

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, 2013 by its subsidiaries namely:
 - a. Falcon Insurance Company SAOC, 51.04% subsidiary of AAH, engaged in Insurance activities in Oman,
 - b. Al Anwar International Investment LLC, 100% subsidiary of AAH, primarily being used as an investment arm, and
 - c. Al Anwar Development LLC (Formerly known as Al Anwar Securities SAOC), 100% subsidiary of AAH.
2. The Share of Profit / (Loss) achieved by Associate Companies up to 30th June, 2013 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 & unlisted securities.

Your company achieved a consolidated group net profit, after tax, attributable to shareholders of parent company, of RO 1.608 million for six months ended 30th September, 2013 as against RO 0.715 million for six months ended 30th September, 2012.

The earning per share (EPS) was 27 Baisa (annualised) as on 30th September, 2013 as against EPS of 12 Baisa (annualised) as on 30th September, 2012, an increase of 125%.

Net asset per share of the group is 172 Baisa per share as on 30th September, 2013 as against 165 Baisa per share as on 31st March, 2013 i.e. beginning of the period.

Updates on Investments

- (i) Falcon Insurance Co. SAOC (Falcon): Falcon reported 6% growth in gross premium written and an increase of 147% in profit during the period. Falcon is carefully expanding its business base and rationalizing the risk profile of business written. Memorandum of Understanding to consider merger with another insurance company was extended up to 29th Dec'13.
- (ii) Al Maha Ceramics Co. SAOC (Al Maha): Al Maha recorded 15% growth in revenue and significant growth in profit during the period as compared to the same period of last year. The company increased its output by addressing the bottlenecks and therefore was able to increase the production during the period. Presently company is operating at full capacity. Al Maha is planning an initial public offering (IPO).
- (iii) Voltamp Energy SAOG (VE): VE reported 48% growth in revenue on account of improved order book as compared to the same period as last year. Net profit of the company has shown an increase of 168% as compared with the same period last year. The present CEO of the company has resigned on 28th Oct'13 and will be relived on 31st Mar'14. Search for a new CEO is going on.
- (iv) Taageer Finance Co. SAOG (Taageer): Taageer reported a growth of 3% in the gross income and 7% growth in net profit after tax as compared to the same period as last year. Net Investment in working

capital and finance leases improved marginally from RO 92 million as on 31st Dec'12 to RO 93 million at the end of Jun'13.

- (v) Almondz Global Securities Ltd, India (AGSL): The market price of the share improved during the last six months and as such, AAH booked mark to market gains (net of foreign exchange loss), of RO 48,008 on fair valuation of the same.
- (vi) Addax Bank Bahrain (Addax): The Board of Addax Bank Bahrain agreed to sell the building owned by it to repay the loans to banks and the major shareholder. With this transaction, the operations of the bank have reduced to the minimum. AAH had booked losses of RO 55,172 during the last six months in line with reduction in the Net Worth of the bank. Our legal case in GCC Arbitration Center is ongoing and being pursued by our legal counsel in Bahrain.
- (vii) As an update to the sale of land situated at Airport and our disclosure on September, 16th, 2013, we would like to inform that the deal has not yet taken place.

Outlook:

Oman's economic growth momentum continued to be robust, driven primarily by public sector activities backed by domestic demand. High oil prices allied with an increase in output allowed Oman to record its highest fiscal surplus of around RO3.2 billion in 2012 compared with deficit of RO113.2 million in 2011. Average inflation in Oman slowed to 2.9% in 2012, down from 4.1% in 2011.

Strong domestic demand, an expansionary fiscal policy and gains in the non-oil economy will ensure that economic growth is robust. This must translate in getting lucrative investment opportunities and a healthy progress on our existing business ventures.

The companies in our group are expected to benefit from the growing economic environment and this could also present Al Anwar opportunities for making investments in the specified industries.

Thanks and Appreciation:

On behalf of the Board, I would like to convey our loyalty, gratitude and extreme thanks to His Majesty Sultan Qaboos Bin Said and to His Majesty's Government for incentives and support for all round sustainable development in the Sultanate. I would also like to take the opportunity to congratulate His Majesty Sultan Qaboos Bin Said on the occasion of 43rd National Day.

The Board records its sincere appreciation to Ministry of Commerce and Industry, Capital Market Authority, MSM, 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 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: 13/11/2013