

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, 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 30th September, 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. 1st 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 30th September, 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 reported a consolidated group net loss attributable to shareholders of parent company to the tune of RO 343,634 for nine months ended 31st December, 2010 as against a net profit of RO 3,326,782 for nine months ended on 31st December, 2009. The company derives most of its profits from investment activities. 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. Furthermore, during the period our international investments were negatively affected by developments in respective countries and therefore we needed to book mark to market losses on account of fair valuation of these investments. As a result, the consolidated comprehensive income reported losses during the period.

The Earning per share (EPS) was -4 Baisa (annualised) as on 31st December, 2010 as against 37 Baisa (annualised) as on 31st December, 2009.

Net asset per share of the group was 154 Baisa per share as on 31st December, 2010 as against 164 Baisa per share as on 31st December, 2009 recording decrease of 6%.

Updates on Investments

- (i) Sun Packaging Co. LLC: The company continues to maintain its profitability over the period by closely monitoring various aspects of operations. By adopting prudent monitoring the company reported 7.5% higher profits during the period as compared with 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. 1st June, 2010 and as such, the statement of comprehensive income for the period beginning from 1st June, 2010 till 30th September, 2010 was consolidated. Falcon reported better underwriting results and marginally higher net profit during the period as compared with same period last year.
- (iii) Voltamp Energy SAOG: The revenues were up by 5% and net profit was up by 17% during the current year versus the same period last year. The expansion plan of new power transformer project in Sohar is expected to be completed by end of first quarter of 2011.
- (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: After resolving the teething issues and with the help of well augmented management team the company started reporting profits on month on month basis beginning from the month of September. It is expected that the company could report better results as compared with last year at the year end.
- (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: As a result of recent turmoil's in India's brokerage sector, the share prices went down sharply during the quarter. Consequently, we had to account for significant losses on fair valuation of this investment.
- (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 appears good for the near future in both domestic and export markets. In view of this, all investee companies are expected to perform better than last year on both revenue and net profit

Long term outlook for the Insurance sector and Ceramic Tiles are buoyant and these sectors 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 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: 9/11/2010