# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

### 1 Legal status and principal activities

Al Anwar Holdings SAOG (the "Parent Company") is an Omani joint stock company incorporated on 20 December 1994 and registered in the Sultanate of Oman. The business activities of Parent Company and its subsidiary companies (together referred to as the "Group" as defined in note 5) include promotion of and participation in a variety of ventures in the financial services and industrial sector in the Sultanate of Oman.

### 2 Significant accounting policies

The following accounting policies have been consistently applied in dealing with items considered material to the Group's and Parent Company's financial statements.

#### a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretation issued by the relevant body of the International Accounting Standards Board, the requirements of the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended) and the rules for disclosure requirements prescribed by the Capital Market Authority ("CMA").

The financial statements have been prepared under the historical cost convention, except that investments at fair value through profit or loss, investments available for sale and investment property are stated at their fair values and the held-to-maturity investments which are stated at amortised cost.

The consolidated and Parent Company financial statements are presented in Rial Omani ("RO"), which the Board of Directors believes is the functional currency of the Parent Company. All financial information presented in RO has been rounded to the nearest thousand.

#### b) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The consolidated financial position incorporates the assets and liabilities of the Parent and its subsidiaries. All significant inter-company balances, transactions, income and expenses have been eliminated on consolidation.

For the purpose of consolidation, financial position and results of operations of the subsidiaries are consistently considered on the basis of their audited financial statements for the year ended on the preceding 31 December. Adjustments are made for significant transactions which took place between the reporting date of subsidiaries and the Parent Company.

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

### 2 Significant accounting policies *(continued)*

#### c) Investments

*Subsidiary*

In the Parent Company's separate financial statements, the investments in subsidiaries are carried at cost. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

*Associate*

An entity over which the Group exercises significant influence but not control is classified as an associate.

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis. For the purpose of which financial position and results of operations of the associates are consistently considered on the basis of their audited financial statements for the year ended on the preceding 31 December. Adjustments are made for significant transactions which took place between the reporting date of associates and the Parent Company.

The investments in associates are carried at cost in the Parent Company's separate financial statements.

*Investments held to maturity*

Investments which are held with a positive intent and ability to hold until maturity are classified as held to maturity. They are initially recognised at cost and subsequently re-measured at amortised cost.

*Investments at fair value through profit or loss*

These are the investments which management, if considers eligible, designates as fair value through profit and loss upon their initial recognition.

*Trading assets*

Trading assets are those assets and liabilities that the Group acquire or incur principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short term profit or position taking.

Trading assets are initially recognized and subsequently measured at fair value in the financial position with transaction cost taken directly to the profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss. Trading assets are not reclassified subsequent to their initial recognition.

*Investments available for sale*

Other investments are classified as available for sale. They are re-measured at fair value after initial recognition. Gains and losses on re-measurement are reported in the statement of changes in equity.

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

**2 Significant accounting policies** *(continued)*

**c) Investments** *(continued)*

*Fair value measurement*

For investments actively traded in organized financial markets, fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the financial position date. Unquoted investments are valued at fair value when they can be reliably measured; otherwise they are stated at cost.

*Dividend income*

Dividend income from investments is accounted when the right to receive payment is established. Interest income on investments available for sale is recognised when the entitlement arises.

*Gain on disposal of investments*

Gain on disposal of investments is determined by the difference between sales proceeds and cost or carrying value and is credited to the statement of income.

**d) Intangible assets**

*Goodwill*

Goodwill arising on acquisition of subsidiaries and associates is initially recognised at cost, being the excess of cost of business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is subsequently measured at cost less accumulated impairment losses. Negative goodwill is recognised immediately in the statement of income. Impairment losses, if any, in respect of goodwill arising on consolidation of subsidiaries and investment in associates are assessed on an annual basis.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

**e) Leases**

Operating lease payments are recognised in the statement of income on a straight line basis.

**f) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Subsequent expenditure is capitalized only when it is probable that it will result in increased future economic benefits. All other expenditure is recognised in the statement of income as an expense as incurred.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful economic lives of items of property, plant and equipment. The estimated useful lives are as follows:

| | Years |
|---|---|
| Buildings on leasehold land | 20 |
| Plant, machinery and equipment | 4-15 |
| Motor vehicles | 3-5 |
| Furniture and fixtures | 3-8 |

Capital work in progress is not depreciated.

# Al Anwar Holdings SAOG

## Notes
*(forming part of the consolidated financial statements)*

**2 Significant accounting policies** *(continued)*

**g) Investment properties**

Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed off or when the investment properties are permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of investment properties are recognised in the profit or loss in the year of derecognition.

**h) Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. Cost of raw materials is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Work in progress and finished goods includes material costs and, where applicable, an appropriate share of overheads based on normal operating capacity.

**i) Accounts and other receivables**

Accounts receivable originated by the Group, are measured at cost. Bad debts are written off or provided for as they arise and provision is made for doubtful receivables.

**j) Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents consists of cash and bank balances with maturity of three months from the financial position date.

**k) Impairment**

*Financial assets*

At each financial position date, the Group's management assesses if there is any objective evidence indicating impairment of the carrying value of financial assets or non-collectability of receivables.

Impairment losses are determined as differences between the carrying amounts and the recoverable amounts and are recognised in the statement of income. Any reversal of impairment losses are recognised as income in the statement of income. The recoverable amounts represent the present value of expected future cash flows discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted.

*Non financial assets*

Other than the goodwill arising on consolidation of subsidiaries and investment in associates [refer note (d) above] at each financial position date, the Group assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Group's management estimates the recoverable amount of the asset and recognises an impairment loss in the statement of income. Other than for goodwill, the Group's management also assesses if there is any indication that an impairment loss recognised in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the statement of income.

The recoverable amount adopted is the higher of net realisable value or market value and its value in use.

# Al Anwar Holdings SAOG

## Notes
*(forming part of the consolidated financial statements)*

**2 Significant accounting policies** *(continued)*

**l) Employees' end of service benefits**

Payment is made to Omani Government's Social Security Scheme in accordance with the Royal Decree Number 72/91 (as amended) for Omani employees. Provision is made for amounts payable under the Sultanate of Oman's labour law in accordance with Royal Decree number 35/2003 (as amended) applicable to expatriate employees' accumulated periods of service at the financial position date.

**m) Provisions**

A provision is recognized in the financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**n) Trade and other payable**

Liabilities are recognised for amounts to be paid for goods and service received, whether or not billed to the Group.

**o) Government term loans and deferred income**

*Carrying values*

The carrying values of the interest free and low interest Government term loans are determined as the present values of the loans adopting the interest rates that reflect the current cost of similar borrowing on similar loan terms from a commercial bank.

*Finance charge*

The effective interest charge arises as a result of accounting for the fair values of the government related term loans and therefore represents the actual interest incurred for the year plus an amount arising from movements in the carrying values of the loans in the year.

*Deferred income*

The amount of deferred income relating to the government term loans is released to the profit or loss in such a way as to spread the income over the effective interest charge to which it relates.

**p) Operating income**

Operating income represents the invoice value of goods sold during the year, net of discounts and returns, and is recognised in the statement of income, when the significant risks and rewards of ownership have been transferred to the buyer.

**q) Finance charges**

Finance charges comprise interest payable on term loans and bank borrowings, interest subsidy, and are net of interest receivable on bank deposits. Finance charges are recognised as an expense in the statement of income in the period in which they are incurred.

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

**2 Significant accounting policies** *(continued)*

**r) Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is provided in accordance with the Sultanate of Oman's fiscal regulations. Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated at the tax rates that are expected to apply to the period when it is anticipated the liabilities will be settled, and it is based on the rates (and laws) that have been enacted at the financial position date.

Deferred tax assets are recognised in relation to carry forward loses and unused tax credits to the extent that it is probable that future taxable profits will be achieved.

**s) Foreign currencies**

Foreign currency transactions are translated into Omani Rials at the exchange rate prevailing on the transaction date. Foreign currency monetary assets and liabilities at the financial position date are translated at the rates of exchange prevailing at that date. Exchange differences that arise are recognised in the statement of income.

**t) Operating segment**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Parent Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**u) Dividend**

The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the dividend.

Dividend distribution to the Parent Company's shareholders is recognized as a liability in the Group's and Parent Company's financial statements in the period in which the dividend is declared.

**v) Directors' remuneration and meeting attendance fees**

The Company follows the Commercial Companies Law 1974 (as amended), and other latest relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors remuneration and sitting fee are charged to the statement of income in the year to which they relate.

**w) Estimates and judgements**

In preparing the consolidated financial statements, the Board of Directors is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgement based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates. The Board of Directors test annually whether goodwill, investments in subsidiaries, associates and other financial assets have suffered any impairment which requires the use of estimates.

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

**2 Significant accounting policies** *(continued)*

**x) Changes in accounting policies**

- The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2010. As a result, the Group presents in the statement of consolidated changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

  Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- The Group concluded that the segment reporting determined in accordance with International Financial Reporting Standard ("IFRS") 8 is the same as the business segments previously identified under IAS 14. Accordingly, the adoption of IFRS 8 has had no significant impact on these consolidated financial statements. IFRS 8 disclosures are shown in note 26 to the consolidated financial statements.

**y) Earnings and net assets per share**

The Group presents earnings per share (EPS) and net assets per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**z) New standards and interpretations not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2010, and therefore have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the Group.

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

### 3 Property, plant and equipment

| Group | Buildings on leasehold land | Plant, machinery and equipment | Motor vehicles | Furniture and fixtures | Capital work in progress | Total |
|---|---|---|---|---|---|---|
| | **RO'000** | **RO'000** | **RO'000** | **RO'000** | **RO'000** | **RO'000** |
| **Cost** | | | | | | |
| 1 April 2009 | 1,015 | 4,235 | 124 | 196 | 508 | 6,078 |
| Additions during the year | 63 | 349 | 37 | 27 | 7 | 483 |
| Transfers during the year | - | 509 | - | - | (509) | - |
| 31 March 2010 | 1,078 | 5,093 | 161 | 223 | 6 | 6,561 |
| **Depreciation** | | | | | | |
| 1 April 2009 | 179 | 1,817 | 84 | 165 | - | 2,245 |
| Charge for the year | 52 | 439 | 20 | 26 | - | 537 |
| 31 March 2010 | 231 | 2,256 | 104 | 191 | - | 2,782 |
| **Net book value** | | | | | | |
| 31 March 2010 | **847** | **2,837** | **57** | **32** | **6** | **3,779** |
| 31 March 2009 | 836 | 2,418 | 40 | 31 | 508 | 3,833 |

Certain of the property, plant and equipment relating to the subsidiary are mortgaged as security for the term loans (note 12).

| Parent Company | Motor vehicles | Furniture and fixtures | Total |
|---|---|---|---|
| | **RO'000** | **RO'000** | **RO'000** |
| **Cost** | | | |
| 1 April 2009 | 29 | 71 | 100 |
| Additions during the year | - | 6 | 6 |
| 31 March 2010 | 29 | 77 | 106 |
| **Depreciation** | | | |
| 1 April 2009 | 19 | 67 | 86 |
| Charge for the year | 5 | 4 | 9 |
| 31 March 2010 | 24 | 71 | 95 |
| **Net book values** | | | |
| 31 March 2010 | **5** | **6** | **11** |
| 31 March 2009 | 10 | 4 | 14 |

# Al Anwar Holdings SAOG
## Notes
*(forming part of the consolidated financial statements)*

### 4 Intangible assets

It represents goodwill arising on acquisition of subsidiary as follows:

| Group | **2010 RO'000** | 2009 RO'000 |
|---|---|---|
| Sun Packaging Company LLC | **63** | 63 |

### 5 Investments

Investments in subsidiaries, associates and investments at fair value through profit or loss represent companies registered in the Sultanate of Oman, Kuwait, Saudi Arabia and India having financial reporting periods ended on 31 December 2009 as follows:

| | **Ownership interest** | | |
|---|---|---|---|
| | **2010 %** | 2009 % | Status |
| **Subsidiaries** | | | |
| Al Anwar International Investment LLC (formerly Al Anwar Computer Services LLC) ("AACS") | **100.00** | 100.00 | Unquoted |
| Sun Packaging Company LLC ("SPC") | **62.50** | 62.50 | Unquoted |
| Al Anwar Securities SAOC ("AAS") | **100.00** | 100.00 | Unquoted |
| **Associates** | | | |
| National Aluminium Products Company SAOG ("NAPCO") | **-** | 20.00 | Quoted |
| Voltamp Energy SAOG and its Subsidiary ("VE") | **28.71** | 28.71 | Quoted |
| Taageer Finance Company SAOG ("Taageer") | **23.90** | - | Quoted |
| Falcon Insurance Company SAOC ("FIC") | **40.56** | 40.56 | Unquoted |
| Al Maha Ceramics Company SAOC ("AMCC") | **32.00** | 32.00 | Unquoted |
| Addax Securities, Saudi Arabia ("Addax") | **-** | 25.00 | Unquoted |
| ABI Precision Casting SAOC (formerly Al Anwar Blank Company LLC) ("AABCO") | **40.00** | 40.00 | Unquoted |
| **Investments at fair value through profit or loss** | | | |
| Computer Stationery Industry SAOG ("CSI") | **0.11** | 0.11 | Quoted |
| Addax Bank | **3.83** | - | Unquoted |
| Taageer Finance Company SAOG ("Taageer") | **-** | 18.23 | Quoted |
| Al Ritaj Investment Company, Kuwait ("Ritaj") | **0.40** | 0.40 | Unquoted |
| Almondz Global Securities Ltd, India ("AGSL") | **12.21** | 12.21 | Quoted |

The Group's quoted investments are listed on the stock exchanges of Oman and India.

# Al Anwar Holdings SAOG
# Notes
*(forming part of the consolidated financial statements)*

**5 Investments** *(continued)*

| Group | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | **Quoted** | **Unquoted** | **Total** | Quoted | Unquoted | Total |
| | **RO'000** | **RO'000** | **RO'000** | RO'000 | RO'000 | RO'000 |
| **Non-current assets** | | | | | | |
| Associates | **10,483** | **3,726** | **14,209** | 5,104 | 5,652 | 10,756 |
| At fair value through profit and loss account | **2,269** | **1,787** | **4,056** | 6,565 | 138 | 6,703 |
| | **12,752** | **5,513** | **18,265** | 11,669 | 5,790 | 17,459 |
| **Current assets** | | | | | | |
| Held for trading | **398** | **-** | **398** | 20 | - | 20 |
| Total carrying values | **13,150** | **5,513** | **18,663** | 11,689 | 5,790 | 17,479 |

| Parent Company | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | **Quoted** | **Unquoted** | **Total** | Quoted | Unquoted | Total |
| | **RO'000** | **RO'000** | **RO'000** | RO'000 | RO'000 | RO'000 |
| **Non-current assets** | | | | | | |
| Subsidiaries | **-** | **2,041** | **2,041** | - | 2,041 | 2,041 |
| Associates | **6,980** | **3,592** | **10,572** | 2,230 | 5,609 | 7,839 |
| At fair value through profit and loss account | **2,086** | **1,787** | **3,873** | 6,382 | 139 | 6,521 |
| | **9,066** | **7,420** | **16,486** | 8,612 | 7,789 | 16,401 |
| **Current assets** | | | | | | |
| Held for trading | **398** | **-** | **398** | 20 | - | 20 |
| Total carrying values | **9,464** | **7,420** | **16,884** | 8,632 | 7,789 | 16,421 |

Investments having a total carrying value of RO 2.9 million (2009: RO 2.9 million) are registered in the name of Al-Anwar International Investment LLC for and on behalf of the Parent Company.

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

**5 Investments** *(continued)*

**Investment at fair value through profit or loss**

Sector-wise analysis of the Group's investment in financial asset at fair value through profit or loss is as follows:

| | Parent | | Group | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **%** | % | **%** | % |
| Banking | **2%** | 1% | **2%** | 1% |
| Leasing | **13%** | 92% | **17%** | 92% |
| Financial services | **74%** | 6% | **71%** | 6% |
| Industry | **2%** | - | **1%** | - |
| Others | **9%** | - | **9%** | - |

Group's investment in investment at fair value through profit or loss having the market value of 10% or more of the Group's total quoted investments in quoted securities is as follows:

| | Percentage of the portfolio | Number of securities | Market value | Carrying value |
|---|---|---|---|---|
| ***Parent*** | | | **RO'000** | **RO'000** |
| **2010** | | | | |
| Taageer Finance Bonds | **23%** | **5,603,608** | **571** | **571** |
| Almondz Global Securities | **56%** | **3,091,500** | **1,383** | **1,383** |
| 2009 | | | | |
| Taageer Finance | 84% | 15,500,483 | 5,348 | 5,348 |
| ***Group*** | | | | |
| **2010** | | | | |
| Taageer Finance Bonds | **28%** | **7,393,407** | **752** | **752** |
| Almondz Global Securities | **52%** | **3,091,500** | **1,383** | **1,383** |
| 2009 | | | | |
| Taageer Finance | 84% | 15,500,483 | 5,348 | 5,348 |

**Investment in subsidiary**

On 3 July 2002, the Parent Company entered into an agreement for transferring it's 60% interest in Sun Plastics Company LLC to the minority shareholder. Up to the date of approval of these financial statements, the formal transfer of shares to the minority shareholder has not taken place.

The Parent Company has not exercise any control over Sun Plastics Company LLC since 2002 and accordingly the subsidiary has been excluded from consolidation from March 2004. Further a legal opinion was also obtained clarifying that the Parent Company has no liabilities with respect to operations of Sun Plastics Company LLC, pursuant to the aforementioned agreement.

# Al Anwar Holdings SAOG

## Notes
*(forming part of the consolidated financial statements)*

**5 Investments** *(continued)*

**Investment in associate**

The Parent Company's Board of Directors reviewed the financial status of AABCO and based on prudence have made an impairment provision of RO 220,000 (2009: RO 100,000), in accordance with provisions of IAS and IFRS.

Summary of financial information for investment in associates not adjusted for the percentage held by the Parent Company:

| **31 March 2010** | **Shareholding percentage** | **Status** | **Total assets** | **Total liabilities** | **Total revenues** | **Profit or loss** |
|---|---|---|---|---|---|---|
| | | | **RO'000** | **RO'000** | **RO'000** | **RO'000** |
| Taageer | **23.90%** | **Quoted** | **75,931** | **57,108** | **8,785** | **2,202** |
| VE | **28.71%** | **Quoted** | **19,149** | **3,975** | **12,433** | **2,197** |
| FIC | **40.56%** | **Unquoted** | **17,169** | **10,760** | **1,041** | **47** |
| AMCC | **32.00%** | **Unquoted** | **10,815** | **8,577** | **3,600** | **(337)** |
| AABCO | **40.00%** | **Unquoted** | **721** | **521** | **360** | **(131)** |
| | | | **123,785** | **80,941** | **26,219** | **3,978** |
| 31 March 2009 | | | | | | |
| NAPCO | 20.00% | Quoted | 19,862 | 14,950 | 29,190 | (1,168) |
| VE | 28.71% | Quoted | 18,090 | 3,326 | 13,475 | 2,243 |
| FIC | 40.56% | Unquoted | 13,941 | 7,613 | 955 | 199 |
| AMCC | 32.00% | Unquoted | 11,269 | 8,694 | 1,800 | (390) |
| AABCO | 40.00% | Unquoted | 772 | 438 | 611 | (55) |
| | | | 63,934 | 35,021 | 46,031 | 829 |

During the year, the Parent Company increased its shareholding in Taageer Finance Company SAOG accordingly it became an associate during the year.

The movement in carrying value of investments in associates, net of impairment, in group accounts is as follows:

| | **2010** | 2009 |
|---|---|---|
| | **RO'000** | RO'000 |
| At 1 April | **10,756** | 3,477 |
| Additional investments/transfer from investments | **6,506** | 7,750 |
| Disposal of investment/transfer to investments | **(3,470)** | - |
| Dividends received | **(665)** | (629) |
| Share of profit after tax | **1,068** | 158 |
| Share of changes in fair value | **14** | - |
| At 31 March | **14,209** | 10,756 |

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

**5 Investments** *(continued)*

**Investment in associate** *(continued)*

Group's share of profits (loss) of associates for the year is as follows:

| | **2010** | 2009 |
|---|---|---|
| | **Group** | Group |
| | **RO'000** | RO'000 |
| VE | **631** | 458 |
| NAPCO | **199** | (234) |
| FIC | **19** | 81 |
| AABCO | **(52)** | (22) |
| AMCC | **(108)** | (125) |
| Taageer | **379** | - |
| | **1,068** | 158 |

**6 Investment property**

Investment property represents land purchased by the Parent Company intended for sale or development. The land is stated at its cost of RO 3.148 million. Management believes that costs are equals to its fair value at the reporting date.

**7 Inventories**

| | **Group** | | **Parent Company** | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **RO'000** | RO'000 | **RO'000** | RO'000 |
| Raw materials | **1,656** | 1,737 | **-** | - |
| Work in progress | **177** | 253 | **-** | - |
| Finished goods | **185** | 128 | **-** | - |
| Less: Impairment allowance | **(39)** | (24) | **-** | - |
| | **1,979** | 2,094 | **-** | - |
| Movement in the impairment allowance is as follows: | | | | |
| At 1 April | **24** | 164 | **-** | - |
| Effect of disposal of subsidiary | **-** | (192) | **-** | - |
| Provided during the year | **15** | 52 | **-** | - |
| At 31 March | **39** | 24 | **-** | - |

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

### 8 Trade and other receivables

| | Group | | Parent Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **RO'000** | RO'000 | **RO'000** | RO'000 |
| Trade receivables | **2,861** | 3,629 | **-** | - |
| Impairment allowance | **(103)** | (203) | **-** | - |
| | **2,758** | 3,426 | **-** | - |
| Prepayments and other receivables | **954** | 962 | **665** | 661 |
| Amounts due from related parties (note 21) | **184** | 251 | **330** | 250 |
| | **3,896** | 4,639 | **995** | 911 |
| Movement in impairment allowance is as follows: | | | | |
| At 1 April | **203** | 114 | - | - |
| Effect on disposal of subsidiary | **-** | (30) | - | - |
| Provided during the year | **21** | 120 | - | - |
| Written back during the year | **(121)** | (1) | - | - |
| 31 March | **103** | 203 | **-** | **-** |

### 9 Cash and bank balances

| | | | | |
|---|---|---|---|---|
| Cash in hand | **3** | 3 | **-** | - |
| Cash at bank: | | | | |
| - current accounts | **105** | 259 | **23** | 3 |
| -deposit accounts | **1,781** | 44 | **1,781** | 16 |
| | **1,889** | 306 | **1,804** | 19 |

Deposit accounts mainly include deposits held in Rial Omani and carry interest at the rate of 1.9% per annum (2009: 1.25% per annum).

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

### 10 Share capital and reserves

#### a) Share capital

The authorised share capital of the Parent Company comprises 200,000,000 (2009: 200,000,000) shares of 100 baisas (2009: Bz 100) each. The issued and fully paid up share capital consists of 110,000,000 (2009: 100,000,000) shares of 100 baisas (2009: Bz. 100) each. Movement in number of shares during the year is as follows:

| | **2010** | 2009 |
|---|---|---|
| 1 April | **100,000,000** | 88,550,000 |
| Stock dividend | **10,000,000** | 11,450,000 |
| 31 March | **110,000,000** | 100,000,000 |

At the financial position date, details of shareholders, who own 5% or more of the Parent Company's share capital, are as follows:

| | **Number of shares held** | **2010 (%)** | Number of shares held | 2009 (%) |
|---|---|---|---|---|
| Fincorp Investment Company LLC | **27,516,578** | **25.02%** | 25,378,708 | 25.38% |
| Financial Services Company SAOG - Trust | **20,060,102** | **18.24%** | 19,080,519 | 19.08% |
| Al Khonji Invest LLC | **-** | **-** | 7,838,380 | 7.84% |
| Mohamed and Ahmed Al Khonji LLC | **5,537,229** | **5.03%** | 5,033,845 | 5.03% |

#### b) Legal reserve

As required by Article 106 of the Commercial Companies Law of the Sultanate of Oman, the Company and each of the Group entities incorporated in the Sultanate of Oman, transfer 10% of their profit for the year to such reserve until such time as the statutory reserve amounts to at least one third of the respective company's capital.

#### c) Fair value reserve

The Group has recognised its share of fair value reserve of the associates and a subsidiary.

### 11 Minority interest

Minority interest comprises share of results and net assets attributable to minority shareholders in the following subsidiaries:

| | **2010** | | 2009 | |
|---|---|---|---|---|
| | **Results** | **Net assets** | Results | Net assets |
| | **RO'000** | **RO'000** | RO'000 | RO'000 |
| VMC* | **-** | **-** | 276 | - |
| SPC | **145** | **725** | (67) | 580 |
| | **145** | **725** | 209 | 580 |

* Results for the first quarter 2009 have been consolidated in last year as the company became associate as on 31 March 2009.

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

**12 Term loans**

| | Group | | Parent Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **RO'000** | RO'000 | **RO'000** | RO'000 |
| **Non-current portion** | | | | |
| From commercial banks | **4,250** | 4,933 | **4,250** | 4,900 |
| From Government | **331** | 391 | **-** | - |
| Deferred Government Grant | **93** | 187 | **-** | - |
| | **4,674** | 5,511 | **4,250** | 4,900 |
| **Current portion** | | | | |
| From commercial banks | **1,134** | 701 | **1,101** | 568 |
| From Government | **133** | 71 | **-** | - |
| | **1,267** | 772 | **1,101** | 568 |
| | **5,941** | 6,283 | **5,351** | 5,468 |

Repayment schedule of the Group is as follows:

| **31 March 2010** | **Total** | **Within one year** | **1 to 2 years** | **2 to 7 years** |
|---|---|---|---|---|
| | **RO'000** | **RO'000** | **RO'000** | **RO'000** |
| Commercial banks | **5,384** | **1,134** | **1,133** | **3,117** |
| Government | **557** | **133** | **151** | **273** |
| | **5,941** | **1,267** | **1,284** | **3,390** |
| 31 March 2009 | | | | |
| Commercial banks | 5,634 | 701 | 1,133 | 3,800 |
| Government | 649 | 71 | 151 | 427 |
| | 6,283 | 772 | 1,284 | 4,227 |

Repayment schedule of the Parent Company is as follows:

| | | | | |
|---|---|---|---|---|
| **2010** | | | | |
| Commercial banks | **5,351** | **1,101** | **1,141** | **3,109** |
| 2009 | | | | |
| Commercial banks | 5,468 | 568 | 1,100 | 3,800 |

# Al Anwar Holdings SAOG

## Notes
*(forming part of the consolidated financial statements)*

**12 Term loans** *(continued)*

Term loan obtained by a subsidiary company from a commercial bank (RO 0.166 million) is secured by a first commercial mortgage with insurance cover on specific assets acquired from the term loan, a second pari-passu charge over fixed and current assets and proportionate guarantee of the Members (note 3).

Term loans obtained by the Parent Company from commercial banks are secured by pledge of the shares in subsidiaries, associates and other investments.

Government term loans are secured by joint insurance and a first charge on substantially all the assets of the subsidiary. Loan include un-amortized deferred government grant in the amount of RO 0.187 million (2009: RO 0.207 million).

The above loans carry interest rate ranging from 3% to 8% (2009 : 3% to 7.5%) per annum.

**13 Trade and other payables**

| | **Group** | Group | **Parent Company** | Parent Company |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **RO'000** | RO'000 | **RO'000** | RO'000 |
| Trade payables | **1,865** | 2,793 | **36** | 43 |
| Accruals and other payables | **334** | 206 | **151** | 142 |
| Provision for income tax | **236** | 236 | **236** | 236 |
| Amounts due to related parties (note 21) | **28** | 33 | **1,060** | 827 |
| | **2,463** | 3,268 | **1,483** | 1,248 |

**14 Short term bank borrowings**

The Parent Company has overdraft facilities of RO 550,000 (2009: RO 350,000) from two commercial banks. The interest on bank borrowings is charged at commercial rates.

The subsidiaries have overdraft, bill discounting and loan against trust receipt facilities at the financial position date in the aggregate amount of approximately RO 4.3 million (2009: RO 4.3 million). The interest on bank borrowings is charged at commercial rates. These facilities are secured by:

- commercial mortgage on subsidiaries assets;
- an assignment of certain receivables in favour of commercial banks;
- proportionate guarantees of the Shareholders; and
- joint insurance of certain assets.

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

### 15 Net assets per share

Net assets per share is calculated by dividing the net assets attributable to the shareholders of the Parent Company by the number of shares outstanding at the year end as follows:

| | **Group** | Group | **Parent Company** | Parent Company |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| Net assets attributable to the shareholders of the Parent Company (RO'000) | **19,475** | 16,817 | **15,451** | 13,623 |
| Number of shares outstanding at 31 March ('000) | **110,000** | 110,000 | **110,000** | 110,000 |
| Net assets per share (in Baisas) | **177** | 153 | **140** | 124 |

Number of shares for the comparative year has been restated to give effect of bonus shares issued during the year.

### 16 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the year, as follows:

| | **Group** | Group | **Parent Company** | Parent Company |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| Net profit for the year attributable to equity shareholders of Parent Company (RO'000) | **3,144** | 2,615 | **2,328** | 1,445 |
| Weighted average number of shares outstanding ('000) | **110,000** | 110,000 | **110,000** | 110,000 |
| Basic earnings per share (in Baizas) | **29** | 24 | **21** | 13 |

Weighted average number of shares for the comparative year has been restated to give effect of bonus shares issued during the year.

### 17 Proposed dividend

A cash dividend of 6 baiza per share (2009: 5 baiza per share) and stock dividend of 9.09% (2009: 10 %) in the aggregate amount of RO 1,660,000 (2009: RO 1,500,000) have been proposed by the Board of Directors. The dividend is subject to the approval by the Members in the forthcoming Annual General Meeting.

Dividend per share is determined by dividing the dividend proposed for the year of RO 1,660,000 (2009: RO 1,500,000) by the number of ordinary shares of 110,000,000 (2009: 100,000,000).

### 18 Other income

| | **Group** | Group | **Parent Company** | Parent Company |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **RO'000** | RO'000 | **RO'000** | RO'000 |
| Claim settlement* | **-** | 249 | **-** | 249 |
| Interest income | **65** | 12 | **55** | 12 |
| Management and sitting fees | **88** | 113 | **88** | 113 |
| Miscellaneous income | **136** | 46 | **-** | - |
| | **289** | 420 | **143** | 374 |

* Claim settlement relates to the amount received on account of legal case against Majan Glass Co. SAOG.

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

### 19 Gain on disposal of investments

| | Group 2010 RO'000 | Group 2009 RO'000 | Parent Company 2010 RO'000 | Parent Company 2009 RO'000 |
|---|---|---|---|---|
| Disposal of VE, a subsidiary | **-** | 2,245 | **-** | 2,911 |
| Disposal of NAPCO, an associate | **1,585** | - | **1,504** | - |
| Loss on strategic investment | **(54)** | - | **(54)** | - |
| Disposal of trading investments | **165** | (149) | **165** | (149) |
| | **1,696** | 2,096 | **1,615** | 2,762 |

Profit on disposal of 28.71% equity in NAPCO, is as follows:

| | Group 2010 RO'000 | Parent Company 2010 RO'000 |
|---|---|---|
| Sale proceeds | **3,178** | **3,178** |
| Associated carrying value | **(1,593)** | **(1,674)** |
| Gain on disposal | **1,585** | **1,504** |

### 20 Taxation

The Group is subject to income tax at the rate of 12% of taxable profits in excess of RO 30,000 in accordance with the income tax laws of the Sultanate of Oman. SPC was exempt from income tax for a period of five years up to 31 July 2009.

| | Group 2010 RO'000 | Group 2009 RO'000 | Parent Company 2010 RO'000 | Parent Company 2009 RO'000 |
|---|---|---|---|---|
| Current: | | | | |
| - for the year | **-** | 322 | **-** | 236 |
| - for prior year | **-** | - | **-** | - |
| | **-** | 322 | **-** | 236 |
| Deferred: | | | | |
| - for the year | **67** | (27) | **-** | - |
| | **67** | 295 | **-** | 236 |

Reconciliation is as follows:

| | Group 2010 RO'000 | Group 2009 RO'000 | Parent Company 2010 RO'000 | Parent Company 2009 RO'000 |
|---|---|---|---|---|
| Profit before taxation | **3,715** | 3,119 | **2,906** | 1,681 |
| Tax charge at applicable rates | **442** | 433 | **349** | 208 |
| Expenses not deductible | **102** | 42 | **35** | 172 |
| Exempt incomes | **(383)** | (180) | **(290)** | (144) |
| Deferred tax asset not recognised during the year | **(94)** | - | **(94)** | - |
| Taxation charge | **67** | 295 | **-** | 236 |

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

**20 Taxation** *(continued)*

Details of unrecognised deferred tax asset in Parent Company are as follows:

| | 2010 RO'000 | 2009 RO'000 |
|---|---|---|
| Unrealised gain on unquoted investment | **144** | 277 |
| Tax losses | **60** | 21 |
| | **204** | 298 |

The tax returns of the Company for the years 2007 to 2009 have not yet been agreed with the Secretariat General for Taxation at the Ministry of Finance. The Management is of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at 31 March 2010.

**21 Related party transactions and balances**

The Group enters into transactions with entities in which certain members of the Board of Directors have interest and are able to exercise significant influence. In the ordinary course of business, such related parties provide goods, services and funding to the Group. The Group also provides management services and funding to the related parties. These transactions are entered into on terms and conditions, approved by the Board of Directors.

a) During the year, related party transactions were as follows:

| | 2010 RO'000 | 2009 RO'000 |
|---|---|---|
| **Transactions entered into by the Parent Company** | | |
| Remuneration and meeting attendance fees income | **32** | 20 |
| Project management fees | **28** | 90 |
| **Transactions entered into by subsidiary company:** | | |
| *SPC* | | |
| Sales | **-** | 2 |
| Purchases | **19** | 18 |
| Other expenses | **31** | 39 |

b) The compensation to key Management personnel for the year comprises:

| | Group 2010 RO'000 | Group 2009 RO'000 | Parent Company 2010 RO'000 | Parent Company 1009 RO'000 |
|---|---|---|---|---|
| Short term employment benefits | **269** | 323 | **236** | 212 |
| End of service benefits | **11** | 10 | **5** | 4 |
| Directors' remuneration and sitting fees | **155** | 104 | **118** | 96 |
| | **435** | 437 | **359** | 312 |

# Al Anwar Holdings SAOG
# Notes

*(forming part of the consolidated financial statements)*

## 21 Related party transactions and balances *(continued)*

The Directors' sitting fees of RO 15,500 (2009: RO 11,700), travel expenses of RO 1,596 (2009: 1,380) and Directors' remuneration of RO 102,500 (2009: RO 84,000) paid by the Parent Company is subject to the approval of the shareholders at the Annual General Meeting.

The amounts due to and due from related parties is interest free, unsecured and are repayable on demands as under:

| | **Group 2010 RO'000** | Group 2009 RO'000 | **Parent Company 2010 RO'000** | Parent Company 2009 RO'000 |
|---|---|---|---|---|
| *Due from related parties (note 8)* | | | | |
| AABCO | **4** | 4 | **4** | 4 |
| AMCC | **180** | 150 | **181** | 150 |
| Al-Anwar Real Estate (under incorporation) | **-** | 96 | **-** | 96 |
| Oman Printers & Stationery LLC | **-** | 1 | **-** | - |
| SPC | **-** | - | **145** | - |
| | **184** | 251 | **330** | 250 |
| *Due to related parties (note 13)* | | | | |
| AACS | **-** | - | **85** | 87 |
| AAS | **-** | - | **975** | 740 |
| FIC | **28** | 33 | **-** | - |
| | **28** | 33 | **1,060** | 827 |

## 22 Employee related expenses

Total employee related expenses included in operating expenses comprise:

| | **Group 2010 RO'000** | Group 2009 RO'000 | **Parent Company 2010 RO'000** | Parent Company 2009 RO'000 |
|---|---|---|---|---|
| Salaries and wages | **732** | 834 | **197** | 138 |
| Other benefits | **166** | 252 | **78** | 110 |
| Contributions to defined contribution retirement plans for Omani employees | **18** | 14 | **1** | 1 |
| Cost of end of service benefits for expatriate employees | **32** | 52 | **4** | 5 |
| | **948** | 1,152 | **280** | 254 |

Movement in expatriate's end of service benefits liability recognised in the financial position are as follows:

| | | | | |
|---|---|---|---|---|
| 1 April | **78** | 135 | **8** | 3 |
| Effect of disposal of subsidiaries | **-** | (78) | **-** | - |
| Expenses recognised in the profit or loss | **32** | 33 | **4** | 5 |
| Paid during the year | **(15)** | (12) | **-** | - |
| 31 March | **95** | 78 | **12** | 8 |

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements)*

**23 Contingencies**

| | **Group 2010 RO'000** | Group 2009 RO'000 | **Parent Company 2010 RO'000** | Parent Company 2009 RO'000 |
|---|---|---|---|---|
| Guarantees issued by Parent Company on behalf of: | | | | |
| - Subsidiaries | **3,524** | 3,524 | **3,524** | 3,524 |
| - Associates | **2,640** | 2,640 | **2,640** | 2,640 |
| - Others | **5** | 5 | **5** | 5 |
| | **6,169** | 6,169 | **6,169** | 6,169 |
| Letters of credit by subsidiary companies | **255** | 645 | **-** | - |
| | **6,424** | 6,814 | **6,169** | 6,169 |

**24 Commitments**

Operating lease commitments:

| **Group** | **2010 RO'000** | 2009 RO'000 |
|---|---|---|
| Less than one year | **6** | 5 |
| Between one to five years | **35** | 35 |
| More than 5 years | **87** | 92 |
| | **128** | 132 |

**25 Financial risk management**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

This note presents information about the Group exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities

# Al Anwar Holdings SAOG
## Notes
*(forming part of the consolidated financial statements)*

### 25 Financial risk management *(continued)*

*Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group does not require collateral in respect of financial assets. The Group seeks to control credit risk by monitoring credit exposures and continually assessing the creditworthiness of counter parties. Risk is considered minimal by the Group, as the payments are made by the customer as per contractual obligations. Credit risk on debtors is limited to their carrying values as the management regularly reviews these balances to assess recoverability and create provision for balances whose recoverability is in doubt.

The aging of consolidated trade receivables (including amount due from a related party) at the reporting date was:

| | **2010** | | 2009 | |
|---|---|---|---|---|
| | **Gross** | **Impairment provision** | Gross | Impairment provision |
| | **RO'000** | **RO'000** | RO'000 | RO'000 |
| Not past due | **1,553** | **-** | 1,807 | - |
| Past due 1 -90 days | **1,178** | **-** | 1,458 | - |
| Past due 91-365 days | **89** | **(62)** | 160 | (61) |
| Past due >365 days | **41** | **(41)** | 204 | (142) |
| | **2,861** | **(103)** | 3,629 | (203) |

The maximum exposure to credit risk for trade receivables, net of impairment provision at the reporting date by geographic region was:

| | **Carrying amount** | |
|---|---|---|
| | **2010** | 2009 |
| | **RO'000** | RO'000 |
| Sultanate of Oman and other GCC countries | **986** | 1,753 |
| Others | **1,772** | 1,673 |

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses local banks operating in the Sultanate of Oman to ensure that it has sufficient cash on demand to meet expected operational expenses and sufficient credit facilities to manage its liquidity risk. The maturities of Group's undiscounted consolidated financial liabilities at reporting date is as below:

# Al Anwar Holdings SAOG
## Notes
*(forming part of the consolidated financial statements)*

**25 Financial risk management** (*continued*)

**Liquidity risk** *(continued)*

| **31 March 2010** | **Carrying amount** | **Contractual cash flows** | **Less than 6 months** | **6 months to 1 year** | **Above 1 year** |
|---|---|---|---|---|---|
| | **RO'000** | **RO'000** | **RO'000** | **RO'000** | **RO'000** |
| *Non-derivative financial liabilities* | | | | | |
| Term loans | **5,941** | **(5,941)** | **(567)** | **(700)** | **(4,674)** |
| Bank borrowings | **4,624** | **(4,624)** | **(4,624)** | **-** | **-** |
| Trade and other payables | **2,227** | **(2,227)** | **(2,227)** | **-** | **-** |
| | **12,792** | **(12,792)** | **(7,418)** | **(700)** | **(4,674)** |
| 31 March 2009 | | | | | |
| *Non-derivative financial liabilities* | | | | | |
| Term loan | 6,283 | (6,283) | (267) | (905) | (5,511) |
| Bank borrowings | 4,509 | (4,509) | (4,659) | - | - |
| Trade and other payables | 3,032 | (3,032) | (3,032) | - | - |
| Total | 13,824 | (13,824) | (7,958) | (905) | (5,511) |

**Market risk**

*Interest rate risk*

The Group manages its interest rate risk through using fixed rate debts and deposits. The Group does not have any interest bearing assets and liabilities with floating interest rate.

*Equity price risk*

Equity price risk arises from the Group's investments in equity securities. The Group mitigates this risk by making investments in diversified portfolio and geographical regions. Material investments within the portfolio are managed on an individual basis and all purchase and sell decisions are approved by the Board of Directors.

Se*nsitivity analysis – equity price risk*

The 5% change in value of equity securities would impact results and equity by RO 0.236 million (2009: RO 0.585 million)

*Currency risk*

The Group's exposure to currency risk mainly relates to its investment in Almondz Global Securities and Bank Muscat India fund, in the amount equivalent to RO 1.4 million at the reporting date. Change of 10% in currency fluctuations would impact results and equity by RO 140,000 (2009: RO 38,000).

# Al Anwar Holdings SAOG

## Notes

*(forming part of the consolidated financial statements*

**25 Financial risk management** (*continued*)

**Capital management**

The capital of the Group comprises of paid up share capital, legal reserve, retained earnings and fair value reserve. Summary of quantitative data as to what the Group manages as the capital and any changes therein from the previous year are given in statement of changes in equity. The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain further development of the business. The Board of Directors monitors the return on capital. The Board of Directors also monitors the level of dividends to ordinary shareholders.

**Fair value**

Management estimates that carrying value of the financial assets and liabilities approximate to their respective fair values at the financial position date.

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | **2010** | | 2009 | |
|---|---|---|---|---|
| | **Level 1** | **Level 3** | Level 1 | Level 3 |
| *Parent Company* | **RO'000** | **RO'000** | RO'000 | RO'000 |
| Financial assets at fair value through profit or loss | **2,484** | **1,787** | 6,402 | 139 |
| *Group* | | | | |
| Financial assets at fair value through profit or loss | **2,667** | **1,787** | 6,585 | 139 |

| | **2010** | | | | |
|---|---|---|---|---|---|
| | **Level 1** | | **Level 3** | | |
| | **Equity securities** | **Debt securities** | **Equity securities** | **Total** | 2009 |
| | **RO '000** | **RO '000** | **RO '000** | **RO '000** | RO '000 |
| *Parent Company* | | | | | |
| Opening balance | **5,780** | **622** | **139** | **6,541** | 8,608 |
| Purchases/transfer from investment | **754** | **-** | **1,798** | **2,552** | 3,141 |
| Sales/transfer to investment | **(5,688)** | **-** | **-** | **(5,688)** | (3,967) |
| Unrealised gain on financial asset at fair value through profit or loss | **990** | **26** | **(150)** | **866** | (1,241) |
| | **1,836** | **648** | **1,787** | **4,271** | 6,541 |
| *Group* | | | | | |
| Opening balance | **5,783** | **801** | **139** | **6,723** | 8,206 |
| Purchases/transfer from investment | **754** | **-** | **1,798** | **2,552** | 3,722 |
| Sales/transfer to investment | **(5,692)** | **-** | **-** | **(5,692)** | (4,473) |
| Unrealised gain on financial asset at fair value through profit or loss | **993** | **27** | **(150)** | **870** | (732) |
| | **1,838** | **828** | **1,787** | **4,453** | 6,723 |

# Al Anwar Holdings SAOG

## Notes
*(forming part of the consolidated financial statements*

**26 Operating segments**

**Primary reporting format – business segments**

The Group is organised in the Sultanate of Oman into two main business segments:

a) Industrial segment, which is engaged in producing and distributing different industrial products such as printed packaging materials; and

b) Investment segment, which is engaged in investment in projects and their management. Investment segment is the only business segment in the Parent Company, hence not been disclosed separately.

There are sales and other transactions between the business segments. Segment assets consist primarily of property, plant and equipment, inventories, receivables, operating cash, and investments. Segment liabilities comprise operating liabilities. Common costs are allocated between the segments on relevant bases such as time devoted, turnover and space occupied.

Financial information in respect of the segments is presented in Schedule I on page 32.

**Secondary reporting format - Geographical segments**

The Group operates primarily from the Sultanate of Oman and there are no distinguishable geographical operating segments. However the geographical profile of sales revenue and trade accounts receivable based on location of customers is shown below:

| | **2010** | 2009 | **2010** | 2009 |
|---|---|---|---|---|
| | **Operating income** | Operating income | **Trade receivable** | Trade receivable |
| | **RO'000** | RO'000 | **RO'000** | RO'000 |
| Sultanate of Oman and GCC countries | **4,073** | 7,645 | **986** | 1,753 |
| Others | **5,181** | 5,502 | **1,875** | 1,876 |
| | **9,254** | 13,147 | **2,861** | 3,629 |

Trade receivable for the year 2010 excludes receivables of VE which was considered Associate as at 31 March 2010.

**27 Comparative figures**

Certain comparative information has been reclassified and re-stated to conform to the presentation adopted in these financial statements.

# Al Anwar Holdings SAOG

**Schedule I – Operating segments**

| | Industrial segment | | Investment segment | | Group | |
|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| | **RO'000** | RO'000 | **RO'000** | RO'000 | **RO'000** | RO'000 |
| **Income** | | | | | | |
| Operating income | **9,254** | 13,147 | **-** | - | **9,254** | 13,147 |
| Dividend income | **-** | - | **30** | 149 | **30** | 149 |
| Other income | **136** | 46 | **153** | 374 | **289** | 420 |
| | **9,390** | 13,193 | **183** | 523 | **9,573** | 13,716 |
| **Operating expenses** | **(8,575)** | (12,281) | **(547)** | (487) | **(9,122)** | (12,768) |
| **Gross operating profit (loss)** | **815** | 912 | **(364)** | 36 | **451** | 948 |
| Finance charges | **(360)** | (383) | **(369)** | (432) | **(729)** | (815) |
| Share of profits of associates | **-** | **-** | **1,068** | 158 | **1,068** | 158 |
| Profit on sale of investments | **-** | **-** | **1,696** | 2,096 | **1,696** | 2,096 |
| Unrealised gain on investments | **-** | **-** | **870** | 732 | **870** | 732 |
| **Profit before income tax** | **455** | 529 | **2,901** | 2,590 | **3,356** | 3,119 |
| Taxation | **(67)** | (59) | **-** | (236) | **(67)** | (295) |
| **Net profit for the year** | **388** | 470 | **2,901** | 2,354 | **3,289** | 2,824 |
| **Total assets** | **8,820** | 9,649 | **24,597** | 21,913 | **33,417** | 31,562 |
| **Total liabilities** | **6,885** | 8,101 | **6,332** | 6,064 | **13,217** | 14,165 |