

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE

1 General information

Al Anwar Investments 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') include promotion of and participation in a variety of ventures in the financial services, industrial and education sectors in the Sultanate of Oman. The Parent Company's shares are listed on Muscat Securities Market.

The Parent company changed its name on 3 January 2021 and it is no longer a holding company.

2 Investments in subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and its following subsidiaries. All the subsidiaries are incorporated in the Sultanate of Oman.

	Principal activity	Holdings %	Parent Company Carrying value 2021 OMR'000	Carrying value 2020 OMR'000
Al Anwar Taleem LLC	Education	100	568	500
Al Anwar International Investment LLC	Investment	100	1,080	1,826
Al Anwar Hospitality SAOC	Hospitality	100	486	487
Al Anwar Industrial Investments SAOC	Investment	100	498	500
			2,632	3,313

3 Investment in associates

(a) The consolidated financial statements include the results of the Group's associates as follows. All the associates are incorporated in the Sultanate of Oman:

Name of associates	Principal activity	Group Holdings %	Carrying value 2021 OMR'000	Market value 2021 OMR'000
Voltamp Energy SAOG and its subsidiaries	Manufacture of electrical equipment	24.68	4,717	2,953
Al Maha Ceramics SAOG	Manufacture of ceramic tiles	23.74	2,862	4,805
Arabia Falcon Insurance SAOG	Insurance	22.62	4,651	2,330
The National Detergent Company SAOG	Manufacture of detergents	25.24	4,720	2,675
National Biscuit Industries SAOG	Manufacture of biscuit	29.22	2,346	1,145
Oman Chlorine SAOG and its subsidiaries	Manufacture of chemicals	22.15	7,553	3,109
Almondz Global Securities Ltd., India	Financial Services	11.94	1,011	883
Total Quoted			27,860	17,900
Alruwad International Education Services SAOC	Education	43.51	4,491	N/A
Hormuz Al Anwar Cement SAOC	Manufacture of cement	40.00	40	N/A
Total Unquoted			4,531	-
Total			32,391	-

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE

3. Investment in associate (continued)

Name of associates	Principal activity	Group Holdings %	Carrying value 2020 OMR'000	Market value 2020 OMR'000
Voltamp Energy SAOG and its subsidiaries	Manufacture of electrical equipment	24.68	4,982	2,973
Al Maha Ceramics SAOG	Manufacture of ceramic tiles	23.74	2,734	2,272
Arabia Falcon Insurance SAOG	Insurance	22.62	4,262	2,384
The National Detergent Company SAOG	Manufacture of detergents	25.24	4,736	2,576
National Biscuit Industries SAOG	Manufacture of biscuit	29.22	2,124	1,146
Oman Chlorine SAOG and its subsidiaries	Manufacture of Chemicals	22.15	7,761	4,164
Total Quoted			26,599	15,515
Alruwad International Education Services SAOC	Education	43.51	4,590	N/A
Hormuz Al Anwar Cement SAOC	Manufacture of cement	40.00	40	N/A
Total Unquoted			4,630	-
Total			31,229	15,515

(b) Movements in investments in associates are set out below:

	2021 OMR'000	2020 OMR'000
At 1 April	30,972	31,109
Transfer from investment at fair value (note 3(d))	756	-
Bargain gain on reclassification of investment at fair value to associates	255	-
Share of profit during the period	369	374
Share of other comprehensive loss	39	(254)
At 30 June	32,391	31,229

Al Anwar Investments SAOG & Its Subsidiaries
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE**
3. Investment in associate (continued)

(c) Total assets, liabilities and revenues of the Group's associates are as follows:

	Total assets	Total liabilities	Total revenues	Net profit	Share of profit
	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000
2021					
Voltamp Energy SAOG	42,012	21,813	6,253	(5)	(1)
Al Maha Ceramics SAOG	12,357	2,718	2,381	604	143
Arabia Falcon Insurance SAOG	74,514	55,415	5,917	543	123
Oman Chlorine SAOG	93,578	66,212	3,981	(152)	(34)
The National Detergent Co. SAOG	27,010	13,184	4,858	246	62
National Biscuit Industries SAOG	13,623	6,073	3,410	362	106
Al Ruwad International Education Services SAOC	8,561	4,340	607	(70)	(30)
Almondz Global Securities Ltd	11,173	2,609	1,055	334	-
Hormuz Al Anwar Cement SAOC	397	297	-	-	-
				Total	369

	Total assets	Total liabilities	Total revenues	Net profit	Share of profit
	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000
2020					
Voltamp Energy SAOG	48,341	26,794	9,944	335	83
Al Maha Ceramics SAOG	12,671	2,744	2,065	326	77
Arabia Falcon Insurance SAOG	64,631	47,251	5,062	38	9
Oman Chlorine SAOG	91,063	61,469	4,029	103	23
The National Detergent Co. SAOG	26,875	12,991	5,465	345	87
National Biscuit Industries SAOG	11,941	5,148	3,656	373	109
Al Ruwad International Education Services SAOC	9,221	4,772	748	(32)	(14)
Hormuz Al Anwar Cement	8	300	-	-	-
				Total	374

At 30 June 2021, the proportional net assets for all associates amounted to approximately OMR 26 million.

(d) Reclassification of Almondz Global Securities Ltd., India (AGSL):

Al Anwar currently holds 11.94% (3,091,500 shares) in AGSL and previously classified this investment as fair value through profit or loss account (FVTPL) since year 2007 and carried at market value. The plan of the Board was to dispose off this investment at the appropriate time. However, over the last few years AGSL has changed its strategy and business model, from a Brokerage and Financial services business to Manufacturing of Methanol and Infrastructure Advisory Services. Therefore, the Board has now taken a decision that investment in AGSL will not be sold in the near future and will hold it as a Strategic Investment and thereby play an active role in the Board of AGSL. Al Anwar now has apart from 2 Board seats, Board representation in the Board subcommittee such as Audit committee, Risk management committee, and Nomination and Remuneration committee effective from 24 June 2021. Consequently, the Parent company has the ability to exercise significant influence over AGSL from that date and hence this investment is now reclassified as Associate and carried at its share of the identifiable net assets of AGSL as at 31 March 2021, in accordance with the Group's accounting policy for Associates.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition (24 June 2021). These amounts have been measured on a provisional basis and has not yet been finalised as the information is not yet available with the management.

Al Anwar Investments SAOG & Its Subsidiaries
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED AT 30 JUNE**
3. Investment in associate (continued)

<u>Description</u>	OMR'000
Carrying value as at 31 March 2021 (as reported)	477
Fair value gain up to 23 June 2021 (recorded in the profit for the period)	279
Carrying value as at 23 June 2021	756
Share of identifiable net assets acquired at provision value as at 24 June 2021	1,011
Bargain gain	255
Total identifiable net assets of AGSL at provision value as at 24 June 2021	8,466
Parent Company holdings in equity	11.94%
Parent Company's share of identifiable net assets	1,011

The Parent Company is currently in process of performing the purchase price allocation of AGSL and has recorded a bargain gain and carrying value at a provisional amount till this exercise is concluded. This may result in change of the bargain gain and carrying value, which will be adjusted retrospectively from 24 June 2021, in the financial statement for the year ending 31 March 2022.

4 Investments at fair value

(a) The consolidated financial include the Group investment at fair value as follow:

	2021 OMR'000	2020 OMR'000
Ominvest Perpetual Bonds - 7.75%	6,646	7,070
Bank Dhofar SAOG	1,130	942
Dhofar International Development and Investment SAOG (DIDIC)	6,587	6,226
DIDIC Unsecured Subordinated Non-Convertible Bonds- 9%	-	1,045
Almondz Global Securities Ltd. (India)	-	179
Sun Packaging Co. LLC	-	208
Others Investment at Fair Value	78	78
Held for trading investments	114	125
	14,555	15,873

Ominvest perpetual bonds carry interest at the rate of 7.75% per annum for the first five years from June 2018. After that date the interest rate will be reset on agreed formula. The bonds are pledged as securities against borrowings.

(b) The above Investments classified between "fair value through profit and loss (FVTPL)" and "fair value through other compensative income (FVOCI)" are as follows:

	2021 OMR'000	2020 OMR'000
Quoted at FVTPL	6,765	8,424
Unquoted at FVTPL	73	281
Quoted at FVOCI	7,717	7,168
	14,555	15,873

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE****4 Investments at fair value (continued)****(c) Reclassification of DIDIC:**

In the previous years, investment in DIDIC was classified partly as FVTPL at and partly as FVOCI. At 31 March 2021, the Group held total investment in DIDIC of OMR 5.8 million, out of which, OMR 4 million was classified as FVTPL and remaining OMR 1.8 million was classified as FVOCI. According to the Board's decision, the entire investment in DIDIC was strategic, and accordingly should have been classified as investment at FVOCI effective from 1 April 2018, upon adoption of IFRS 9 Financial instruments. Consequently, with effect from 1 April 2018, the portion which was classified as FVTPL has now been reclassified as FVOCI as correction of error. The impact of this change has been disclosed as prior year adjustment as follows:

	31 March 2020 As previously reported OMR'000	Restatement OMR'000	31 March 2020 As restated OMR'000
FVTPL	13,076	(4,364)	8,712
FVOCI	2,667	4,364	7,031
	15,743	-	15,743
Retained earnings	8,224	(80)	8,144
Fair value reserve	(169)	80	(89)
	8,055	-	8,055
Profit for the year	177	(80)	97
Other comprehensive loss for the year	(158)	80	(78)
Total comprehensive income for the year	19	-	19
At 31 March 2021			
	31 March 2021 As previously reported OMR'000	Restatement OMR'000	31 March 2021 As restated OMR'000
FVTPL	12,583	(3,934)	8,649
FVOCI	2,770	3,934	6,704
	15,353	-	15,353
Retained earnings	6,874	348	7,222
Fair value reserve	(476)	(348)	(824)
	6,398	-	6,398
(Loss) / profit for the year	(275)	348	73
Other comprehensive loss for the year	(182)	(348)	(530)
Total comprehensive loss for the year	(457)	-	(457)

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE****4 Investments at fair value (continued)**

(d) Movement in investments at fair value is as follows:

	2021 OMR'000	2020 OMR'000
At 1 April	15,353	15,743
Purchases during the period	-	3
Transfer to associate (note no 3 (d))	(756)	-
Accrued Interest on DIDIC converted to equity	143	45
Sale of Investment	(353)	-
Unrealised gain (loss) taken to comprehensive income	297	(53)
Unrealised gain (loss) taken to other comprehensive income	(129)	135
At 30 June	14,555	15,873

(e) Investments at fair value are analysed as follows:

	2021 OMR'000	2020 OMR'000
Banking and investment sector	14,532	15,645
Services sector	17	14
Industrial sector	6	214
	14,555	15,873

5 Property and other assets

	Freehold Land OMR'000	Furniture and fixtures OMR'000	Capital work in progress OMR'000	Total OMR'000
Cost:				
At 1 April 2021	1,948	48	302	2,298
Additions during the period	-	-	3	3
Disposal during the period	-	(1)	-	(1)
At 30 June 2021	1,948	47	305	2,300
Accumulated depreciation:				
At 1 April 2021	-	44	-	44
Charge for the period	-	1	-	1
Disposal during the period	-	(1)	-	(1)
At 30 June 2021	-	44	-	44
Net book value:				
At 30 June 2021	1,948	3	305	2,256

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE**

	Freehold Land	Furniture and fixtures	Motor vehicles	Capital work in progress	Total
	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000
Cost:					
At 1 April 2020	1,948	54	30	236	2,268
Additions during the period	-	-	-	17	17
Disposal during the period	-	(6)	-	-	(6)
At 30 June 2020	1,948	48	30	253	2,279
Accumulated depreciation:					
At 1 April 2020	-	49	30	-	79
Charge for the period	-	1	-	-	1
Disposal during the period	-	(6)	-	-	(6)
At 30 June 2020	-	44	30	-	74
Net book value:					
At 30 June 2020	1,948	4	-	253	2,205

6 Receivables

	2021 OMR'000	2020 OMR'000
Prepayments and advances	24	60
Due from related parties (Note 16)	117	124
At 30 June	141	184

7 Share capital

The authorised share capital of the Parent Company comprises 300,000,000 (2020 - 300,000,000) shares of 100 baisas (2020 - 100 baisas) each. The issued and fully paid up share capital consists of 200,000,000 shares (2020 - 200,000,000 shares) of 100 baisas (2020 - 100 baisas) each.

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

	Number of shares held	2021 (%)	Number of shares held	2020 (%)
Fincorp Investment Company LLC	47,356,209	24	47,396,140	24
Brig (Rtd). Masoud Humaid Malik Al Harthy	16,000,000	8	15,241,526	8
National Equity Fund	10,495,952	5	-	-
Bank Muscat / OGF / Vision	-	-	10,554,609	5
Al Khonji Development & Investment LLC	10,837,548	5	10,067,686	5
Al Khonji Invest LLC	9,996,837	5	9,996,569	5
		47		47

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE****8 Legal reserve**

The statutory reserve which is not available for distribution is calculated in accordance with the Commercial Companies Law of the Sultanate of Oman, as amended. The annual appropriation shall be 10% of the profit for the year after tax, until such time the legal reserve amounts to at least one third of the respective issued and paid up share capital of the Parent Company and its subsidiaries.

9 Fair value reserve

The Group has recognised its share of fair value reserve of other comprehensive income in associates. It also includes movement in fair value of investments held at Fair Value through Other Comprehensive Income in the group.

10 Bank borrowings

	2021	2020
	OMR'000	OMR'000
Total borrowings	17,472	18,725
Current portion of borrowings	(9,356)	(9,725)
Bank overdraft	(272)	-
Non-Current portion of borrowings	8,388	9,000

The Parent company has borrowings from four Omani Commercial Banks and one Omani Sharia compliant bank. The borrowings are in the nature of long term and short-term loans. The commercial borrowings carry annual interest rates ranging from 4.6% to 6.5% per annum (2020 – 3.5% to 5.75%). The profit rate is 6.5% for the Sharia Compliant borrowings.

These borrowing are secured through pledge over investment of the Parent Company and Subsidiaries in the aggregate amount of OMR 32 Million. The Parent Company has overdraft facilities of OMR 700,000 (2020 - OMR 950,000).

11 Payables

	2021	2020
	OMR'000	OMR'000
Accrued expenses	182	65
Employees' end of service benefits	23	58
Dividend payable	-	1,200
	205	1,323

Employees' end of service benefits

At 1 April	28	55
Charge for the year	1	3
Paid for the year	(6)	0
	23	58

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE****12 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 weighted number of shares outstanding at the end of period as follows:

	2021 OMR'000	2020 OMR'000
Net assets attributable to the shareholders of the Parent Company (RO'000)	<u>31,714</u>	31,527
Number of shares outstanding at 30 June ('000)	<u>200,000</u>	200,000
Net assets per share (in Baisas)	<u><u>0.159</u></u>	<u>0.158</u>

The weighted average number of shares outstanding before the event is adjusted for the change in the number of shares due to bonus issue as if the event had occurred at the beginning of the earliest period presented.

13 Earnings per share

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

	2021 OMR'000	2020 OMR'000
Profit for the period attributable to equity shareholders of Parent Company	839	223
Weighted average number of shares outstanding ('000)	<u>200,000</u>	200,000
Basic profit earnings per share (in Baisas)	<u><u>4</u></u>	<u>1</u>

The weighted average number of shares outstanding before the event is adjusted for the change in the number of shares due to bonus issue as if the event had occurred at the beginning of the earliest period presented.

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE****14 Administrative expenses**

	Group	Group
	2021	2020
	OMR'000	OMR'000
Employment cost	41	71
Office rent and utilities	4	3
Consultancy fees	2	3
Depreciation (note 5)	1	1
Legal fees	2	2
Audit fees	2	2
Fees and subscription	9	6
Meeting & Seminar	-	2
Insurance	1	1
Communications	1	1
Printing & stationery	1	1
Miscellaneous	1	1
	65	94

The analysis of employment cost is as follows

	2021	2020
	OMR'000	OMR'000
Salaries	35	65
Other benefits	4	3
Social security costs	1	1
Employees' end of service benefit	1	2
	41	71

15 Financing charges

	2021	2020
	OMR'000	OMR'000
Interest expense	274	245
Bank charges	14	26
	288	271

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE****16 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.

	2021	2020
	OMR'000	OMR'000
Transactions during the period		
Total employment costs	31	71
Directors sitting fees paid	34	14
	65	85

The amounts due from related parties are interest free, unsecured and are repayable on demand as follows:

	2021	2020
	OMR'000	OMR'000
Hormuz Al Anwar Cement SAOC	117	117
Al Maha Ceramic Co SAOG	-	6
Others	-	1
	117	124

17 Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimates are revised and in any future period affected. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

(i) Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for debt financial instrument not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset. Details of the Company's impairment method are disclosed in these consolidated financial statements.

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE

(ii) Classification of financial assets

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

(iii) Fair value estimation

The valuation techniques for unquoted equity investments make use of estimates such as future cash flows, discount factors, yield curves, current market prices adjusted for market, credit and model risks and related costs and other valuation techniques commonly used by market participants where appropriate.

(iv) Business combinations

To allocate the cost of a business combination management exercises significant judgment to determine identifiable assets and liabilities and contingent liabilities whose fair value can be reliably measured, to determine provisional values on initial accounting and final values of a business combination and to determine the amount of goodwill and the Cash Generating Unit to which it should be allocated.

18 Summary of key accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to each of the periods presented in these consolidated financial statements, unless otherwise stated.

18.1 Basis of preparation

(a) These Parent Company and consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the relevant requirements of Commercial Companies Law of 1974 of the Sultanate of Oman, as amended and the Capital Market Authority.

(b) These consolidated financial statements for the period ended 30 June 2021 comprise the Parent Company and its subsidiaries (together “the Group”) and the Group’s interest in associates. These consolidated financial statements are collectively referred to as ‘the financial statements’.

(c) These consolidated financial statements have been prepared under the historical cost convention, as modified by investments measured at fair value.

(d) The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 19.

(e) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured and presented in Rial Omani being the currency of the primary economic environment in which the Group operates, which is the Group’s functional and presentation currency. All financial information presented in Rial Omani has been rounded to the nearest thousand unless otherwise stated.

(f) Transactions and balances

Transactions in foreign currencies are translated into Rial Omani and recorded at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Rial Omani at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies are translated into Rial Omani at the foreign exchange rates ruling at the date of the transaction. Translation differences on non-monetary financial assets and liabilities are recognised in

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE

18.1 Basis of preparation (continued)

the consolidated statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

18.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired entity and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between the Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights and significant representation on the Board of associate. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated statement of comprehensive income where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE

18.2 Basis of consolidation (continued)

receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the consolidated statement of comprehensive income. Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements comprise those of the Parent Company drawn up to 30 June and its subsidiaries and associates drawn up to 31st March using consistent accounting policies. Adjustments are made for the effects of significant transactions or other events, if any that occur in the associates and the subsidiaries during the intervening period.

18.3 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

18.4 Property and other assets

Property and other assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment is their purchase price together with expenditures those are directly attributable to acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which these are incurred.

Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each class of property and other assets except land. The estimated useful lives are as follows:

	Years
Furniture and fixtures	4
Motor vehicles	4

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting year.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and other assets are determined by reference to their carrying amounts, are recognised within 'other income' and are included in the consolidated statement of comprehensive income.

18.5 Cash and cash equivalents

For the purpose of the consolidated cash flow statement, bank balances, including term deposits with a maturity of three months or less from the date of placement, are considered to be cash equivalents.

18.6 End of service benefits (EOS) and End of year benefits (EOY)

End of service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 as amended, and in accordance with IAS-19, "Employee benefits". The EOS liability, as reflected in FS, is net of any advance given against EOS.

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE

18.6 End of service benefits (EOS) and End of year benefits (EOY) (continued)

Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the consolidated statement of comprehensive income as incurred

18.7 Payables

Liabilities for payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are recognised for amount to be paid for goods or services received, whether or not billed to the Group.

18.8 Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

18.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date. Borrowings are subsequently carried at amortised cost; any

difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using effective interest rate.

Term loans are carried on the consolidated statement of financial position at their principal amount. Instalments due within one year are disclosed as a current liability. Interest is charged as an expense as it accrues, with unpaid amounts included in payables.

Short-term loans are carried on the consolidated statement of financial position at their principal amount. Interest is charged as an expense as it accrues, with unpaid amounts included in trade and other payables.

18.10 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Increment costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

18.11 Revenue

Share of profit / (loss) from associates are recognised on the basis of their declared results. Interest income is recognised on a time proportion basis using the effective interest rate method. Interest on perpetual bonds is recognised on receipt. Dividend income from financial assets at fair value through profit or loss and available for sale investments is recognised in the consolidated statement of comprehensive income when the company's right to receive payment is established. Unrealised gain / (loss) in the value of financial assets at fair value represents the difference between the present market value and the carrying amount of the assets determined on individual scrip basis using weighted average cost of securities and is taken to the consolidated statement of comprehensive income. Realised gains / (losses) on financial assets at fair value are recognised and taken to the consolidated statement of comprehensive income in the year of disposal of related securities.

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE

18.12 Income tax

Income tax on the results for the period comprises of current and deferred tax. Tax expense is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax charge recognised in the consolidated statement of comprehensive income is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are enacted currently and are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

18.12 Income tax (continued)

A deferred tax asset in respect of tax losses carried forward is recognised where it is probable that future taxable profits will be available against which these tax losses can be reversed. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the

same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

18.13 Directors' remuneration

The directors' remuneration is governed by the Commercial Companies Law and the rules prescribed by the Capital Market Authority.

18.14 Earnings per share

The Parent Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

18.15 Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by the Parent Company's shareholders.

18.16 Operating segment

The Group does not have any operating segment.

18.17 Fair values

A number of accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in the active market for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Al Anwar Investments SAOG & Its Subsidiaries

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED AT 30 JUNE****18.17 Fair values (continued)**

- Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments that are valued based on quoted prices of similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The face values less any estimated credit adjustments for financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date, adjusted for transaction costs necessary to realise the asset.

The fair value of investments that are not traded in an active market is determined by using estimated discounted cash flows or other valuation techniques.

The fair values of other financial and non-financial assets and liabilities at period end approximate their carrying amounts as stated in the consolidated statement of financial position.

19. Corresponding figures

The previous year figures are regrouped and reclassified as required to conform with current year presentation.