

AL ANWAR HOLDINGS SAOG

Report on Corporate Governance for the year ended March 31 2016

1. Company philosophy

The philosophy of Al Anwar Holdings SAOG in respect to corporate governance is to observe in letter and spirit the rules and regulations framed by the Capital Market Authority (CMA) in this regard for companies listed in the Muscat Securities Market for the best management of the company with the aim of improving performance of the company and increasing its efficiency in order to maximize the profits and value of the shareholders in the long run. The corporate governance controls relations and strikes a balance in interests amongst the stakeholders of the company on the basis of co-operation, responsibility and accountability. The company believes that corporate governance generates trust, respect and investment support from stakeholders and shareholders.

We follow "International Financial Reporting Standards (IFRS)" in the preparation of accounts and financial statements.

2. Composition of the Board of Directors

All the members of the Board are Non-Executive Directors, since none of them are whole time directors drawing any fixed monthly or annual salary from the Company. The Board members are persons of stature with business acumen. They represent skills and experience in corporate management, team leadership, accounting, government and sophistication of investment management.

In accordance to the CMA guidelines, the Company has adopted the definition of Independent Director as per Article 1 of Code of Corporate Governance for MSM listed companies. The Board consists of seven Directors as mentioned below:

Name of Director	Independent /Non independent	Date of Election	Period of Directorship	Position	Mode of Representation
Mr. Masoud Humaid Al Harthy	Independent	17.06.2015	3 Years	Chairman	Himself - Shareholder
Mr. Qais Mohamed Al Yousef	Independent	17.06.2015	3 Years	Deputy Chairman	Fincorp Investment Company LLC
Mr. Shabir Moosa Al Yousef	Independent	17.06.2015	3 Years	Director	Himself – Shareholder
Mr Abdulredha Mustafa Sultan	Independent	17.06.2015	3 Years	Director	Himself – Shareholder
Mr. Qaboos Abdullah Al Khonji	Independent	17.06.2015	3 Years	Director	Al Khonji Holding LLC
Sheikh Mohamed Abdullah Said Al Rawas	Independent	17.06.2015	3 Years	Director	Himself – Non-shareholder
Mr. Nabil Essa Al Hasani	Independent	17.06.2015	3 Years	Director	Himself – Non-shareholder

The details of the present Directors' directorship in other public companies in Oman as at 31st March, 2016 are as follows:

Name of Director	Directorship in Other SAOG Companies in Oman -
Mr. Masoud Humaid Al Harthy	1. Chairman, Al Maha Ceramics Co. SAOG
Mr. Qais Mohamed Al Yousef	1. Chairman, Voltamp Energy SAOG 2. Director, Oman Chromite SAOG 3. Director, Oman International Development & Investment Co. SAOG

Name of Director	Directorship in Other SAOG Companies in Oman
Mr. Shabir Moosa Al Yousef	1. Director, Al Maha Ceramics Co. SAOG
Mr. Abdulredha Mustafa Sultan	1. Deputy Chairman, Al Jazeera Services Co. SAOG 2. Director, Voltamp Energy SAOG 3. Deputy Chairman, Al Maha Ceramics Co. SAOG
Mr. Qaboos Abdullah Al Khonji	1. Director, Al Maha Ceramics SAOG 2. Director, Oman Hotel & Tourism Co. SAOG
Sheikh. Mohamed Abdullah Al Rawas	1. Director, Dhofar Cattle feed SAOG
Mr. Nabil Essa Al Hasani	1. Dy. Chairman, Construction Material Industries & Contracting SAOG

3. Meetings of the Board

(a) **The Board meeting:** The Board met five times during the year. Full particulars of the dates of the meetings and attendance of directors are mentioned below:

Sr.#	Name of the Director		AGM 17.06.15	EGM 17.06.15	04.05.15	17.06.15	12.08.15	08.11.15	28.01.16
1	Mr. Masoud Humaid Malik Al Harthy	Chairman	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Mr. Qais Mohamed Al Yousef	Deputy Chairman	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Mr. Abdulredha Mustafa Sultan	Director	Yes	Yes	Yes	Yes	No	Yes	Yes
4	Mr. Shabir Musa Abdullah Al Yousef	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Mr. Qaboos Abdullah Mohamed Al Khonji	Director	Yes	Yes	Yes	Yes	No	Yes	Yes
6	Mr. Mohamed Abdullah Said Al Rawas	Director	Yes	Yes	Yes	Yes	No	Yes	Yes
7	Mr. Nabil Essa Al Hasani	Director	-	-	-	Yes	Yes	Yes	Yes
8	Mr. Mehdi Mohamed Al Abduwani (For part of year)	Director	Yes	Yes	No	-	-	-	-

The Meeting attendance fees paid to the members for each meeting attended is

(i) Chairman – RO 1000/- (ii) Deputy Chairman – RO 900/- (iii) Other Members – RO 800/-

(b) **The Executive Committee (EC)** is a sub-committee of the Board consisting of following three directors:

Mr. Qais Mohamed Al Yousef	EC Chairman
Mr. Shabir Moosa Abdullah Al Yousef	EC Member
Mr. Qaboos Abdullah Mohamed Al Khonji	EC Member
Mr. Mehdi Mohamed Al Abduwani (for part of year)	

The EC met Eight times during the year. The particulars of the dates of the meetings and attendance of members are mentioned below:

Sr.#	Name of the Director		20.04.15	04.05.15	01.09.15	02.11.15	30.11.15	17.01.16 & 28.01.16	23.02.16	21.03.16
1	Mr. Qais Mohamed Al Yousef	EC Chairman	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Mr. Shabir Musa Abdullah Al Yousef	EC Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Mr. Qaboos Abdullah Mohamed Al Khonji	EC Member	-	-	Yes	Yes	Yes	Yes	Yes	Yes
4	Mr. Mehdi Mohamed Al Abduwani (for part of year)	EC Member	Yes	Yes	-	-	-	-	-	-

The Meeting attendance fees paid to the members for each meeting attended was RO 500/- for EC Chairman and RO 400/- for EC Members.

- (c) **Audit Committee (AC) :** The Audit Committee (AC) is a sub-committee of the Board, comprising of the following three Directors:

Mr. Abdulredha Mustafa Sultan	AC Chairman
Mr. Shabir Moosa Abdullah Al Yousef	AC Member
Mr. Mr. Nabil Essa Al Hasani	AC Member
Mr. Mehdi Mohamed Al Abduwani (for part of year)	
Mr. Qaboos Abdullah Al Khonji (For part of year)	

The Audit Committee met four times during the year. The Full particulars of the dates of the meetings and attendance of members are mentioned below.

Sr.#	Name of the Director		03.05.15	11.08.15	08.11.15	08.02.16
1	Mr. Abdulredha Mustafa Sultan	AC Chairman	Yes	Yes	Yes	Yes
2	Mr. Shabir Moosa Abdullah Al Yousef	AC Member	-	Yes	Yes	Yes
3	Mr. Nabil Essa Al Hasani	AC Member	-	Yes	Yes	Yes
4	Mr. Mehdi Mohamed Al Abduwani (for part of year)	AC Chairman	Yes	-	-	-
5	Mr. Qaboos Abdullah Al Khonji (For part of year) *	AC Member	Yes	-	-	-

*Mr. Qaboos Al Khonji resigned from the AC on 17th June, 2015 and Mr. Shabir Al Yousef was appointed by the Board in his place.

The Meeting attendance fees paid to the members for each meeting attended was RO 500/- for AC Chairman and RO 400/- for AC Member.

All the members are experienced and have fundamental knowledge of accounts and finance.

The terms of reference of the Audit Committee are in accordance with the guidelines given by CMA. The major areas covered by the Audit Committee are matters concerning (i) consideration and recommendations for appointment of Internal and Statutory Auditors, (ii) reviewing of audit plans and audit reports; (iii) oversight of internal audit functions to comply with all the requirements of internal audit as per Code of Corporate Governance and oversight of adequacy of internal control systems and financial statements, (iv) checking financial frauds, (v) reviewing annual and quarterly statements and qualifications, if any, before issuing, (vi) critical review of non-compliance of IFRS and disclosure requirements prescribed by CMA, (vii) reviewing risk management policies and related party transactions and (viii) serving a channel between internal and external auditors and the Board.

4. Brief Profile of the Directors

Mr. Masoud Humaid Al Harthy

He is a retired brigadier from the Royal Guard of Oman. Mr. Masoud holds a Bachelor Certificate in Army Science Management with an experience of 35 years in military services. Mr. Masoud is Chairman of Al Maha Ceramics SAOG and Falcon Insurance SAOC in addition to being Member in several other Companies.

Mr. Qais Mohamed Al Yousef

He is post-graduate with Master's in Management (Business) from Stanford University's Graduate School of Business, USA. He is the CEO of Al Yousef Group LLC. He is also Chairman of Voltamp Energy SAOG and Directors in several companies operating in various fields of the economy. He is also a board member of The Research Council, The Public Authority for SME Development and Oman Chamber of Commerce & Industry.

Mr. Shabir Moosa Al Yousef

He Holds an M.B.A in Finance from University of Lincolnshire & Humberside (U.K), Master of Science from Colorado School of Mines (U.S.A) and Bachelor's Degree in Electronics and communications from Sultan Qaboos University. He held senior positions in management and Board of many SAOG and SAOC companies i.e. Bank Sohar SAOG, Financial Corporation Co. SAOG and OIFC. Currently he is on the Board Al Maha Ceramics SAOG, Falcon Insurance Company SAOC and Cactus Premier Drilling Services SAOC in addition to Al Anwar Holdings SAOG.

Mr. Abdulredha Mustafa Sultan

He holds a Bachelor's Degree in Commerce majoring in Finance from San Diego State University, USA. He is a board member in several companies in Oman and abroad. He is the Managing Director in Mustafa Sultan Enterprises LLC. He is a member of the Young Presidents' Organisation.

Mr. Qaboos Abdullah Al Khonji

He belongs to a traditional business dominated family and holds a Diploma in Business Administration from US. He has previously held a position of General Manager in Moosa Abdul Rahman Hassan &Co. and at present he is the Deputy Chairman of Al Khonji Holding LLC and CEO of Al Binaa Construction/ Al Khonji Real Estate (Betterhomes). He also holds Directorship in some of the prominent SAOG Companies in Oman.

Sheikh Mohamed Abdullah Said Al Rawas

Hold the honorary doctorate in business administration from the University of Luton in December 2005 as the first figure in Asia and the Middle East who get this doctorate from this prestigious University for his efforts in the higher education field model (Majan College University, Sultanate of Oman), during his chairmanship of the Presidency of the Majan College University. He holds Bachelor of business administration (finance and investment – Faculty of Commerce, Cairo University). He is also a board member in several companies, operating in various fields of the economy.

Mr. Nabil Essa Al Hasani

Holds a diploma in management plus MBA mini from Egypt 2011 with an experience of 20 years in financial and brokerage companies. He is the Dy. Chairman, Construction Material Industries & Contracting SAOG and board member in several private companies in Sultanate of Oman. Mr Nabil is General Manager of Global Financial Securities LLC.

5. Process of nomination of the Directors

The company follows the provisions of the Commercial Companies Law and Capital Market Authority Law & Regulations in respect of nomination of the members of the Board of Directors.

6. Management

The members of the management of the company are appointed with proper contracts clearly defining the terms of reference. The Chief Executive Officer, under the supervision, direction and control of the Board, manages the company.

7. Brief profile of top management personnel with executive powers

Reji Joseph, Chief Executive Officer

Reji Joseph is a Chartered Accountant with a degree in economics. He has been associated with and has held leadership positions in some of the large and prominent companies, international investment banks and accounting firms in South East Asia, India and the Middle East. He has successfully executed corporate turnarounds and restructurings; M&A's and capital injections and led several development and expansion initiatives.

Sanjay Tiwari, AGM (Finance)

Sanjay Tiwari is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India and a graduate in Commerce. He has 28 years of experience in industries ranging from Textile, Cement, Tyre & Engineering to FMCG. He has in-depth knowledge of the Middle East, South East and South Asian markets. His core expertise has been to monitor and manage operations of varied industries from financial and commercial viewpoints. He has worked in some of the leading companies in India, UAE and Oman.

8. Brief profile of Internal Auditor

Dhiraj Chidwal is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India and Certified Public Accountant (CPA) from USA. He has more than twelve years of experience in the field of Internal Audit, Finance and Accounting. He is responsible for the Internal Audit and Risk Management of the Company. Before joining Al Anwar, he has worked for one of leading private bank in India as Chief Manager, Internal Audit.

9. Related party transactions

No transactions where the management has personal interest are carried out in the Company. The company has a system in vogue, for prior approval by the Board for such type of transactions if any arise in the normal course of business. All the related party transactions, if any, are carried out at arm's length basis in the normal course of business. There are no material related party transactions where directors have an interest.

10. Means of communication with the Shareholders and investors

- (a) The notice to the Shareholders for the Annual General Meeting containing the details of the related party transactions is filed with CMA and mailed to shareholders along with Directors' Report and audited accounts.
- (b) The Quarterly results of the company as per CMA format, are prepared by the management for every quarter, reviewed by the Audit Committee, approved by the Board, are forwarded to CMA and also published in the Newspapers as per the directives of CMA. Copies are made available to shareholders on request. Results are also uploaded on the website of Muscat Securities Market (MSM).
- (c) Pursuant to the Executive Regulations of the Capital Market Law, AAH has started disclosing the initial quarterly and annual un-audited management results within 15 days from the end of the period.

(d) Important Board decisions are disclosed to the investors through MSM from time to time. The company has its official website, www.alanwarholdings.com for its investors. The website is updated from time to time.

(e) The Management Discussion and Analysis Report forms part of the Annual Report.

11. Remuneration matters

(a) The meeting attendance fee was as per the remuneration fixed by the Board. A total of RO 41,900/- (FY 2014-15: RO 38,100/-) was paid to Directors for meetings attended during the period 1st April '15 to 31st March' 16 as per details given below:

Name of Director	2015-16	2014-15
Mr. Masoud Humaid Malik Al Harthy	5,000	4,000
Mr. Qais Mohamed Al Yousef	8,500	8,900
Mr. Shabir Moosa Abdullah Al Yousef	8,400	6,800
Mr. Abdulredha Mustafa Sultan	5,100	4,800
Mr. Qaboos Abdullah Al Khonji	6,000	3,600
Sheikh Mohamed Abdullah Said Al Rawas	3,200	1,600
Mr. Nabil Essa Al Hasani	4,400	-
Mr. Mehdi Mohamed Al Abduwani (for part of year)	1,300	8,400
Total Meeting Attendance fees	41,900	38,100

(b) A sum of RO NIL (FY 2014-15: NIL) was reimbursed to Directors towards travelling expenses for attending the meetings in addition to above mentioned sitting fees.

(c) The remuneration for the employees is, after critical evaluation, fixed by the Board, based on qualification, expertise and efficiency of the executives. The total remuneration of the top four (FY 2015-16 top four) employees for Financial Year 2015-16 was RO 286,840 (FY 2014-15: RO 252,654).

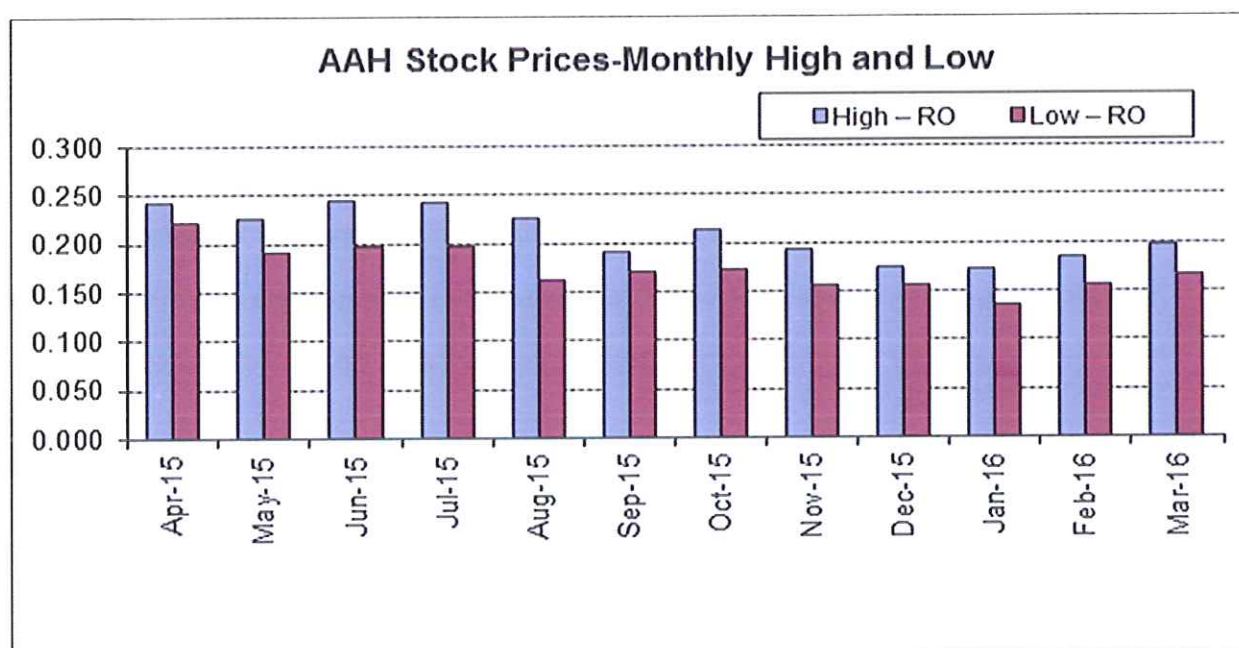
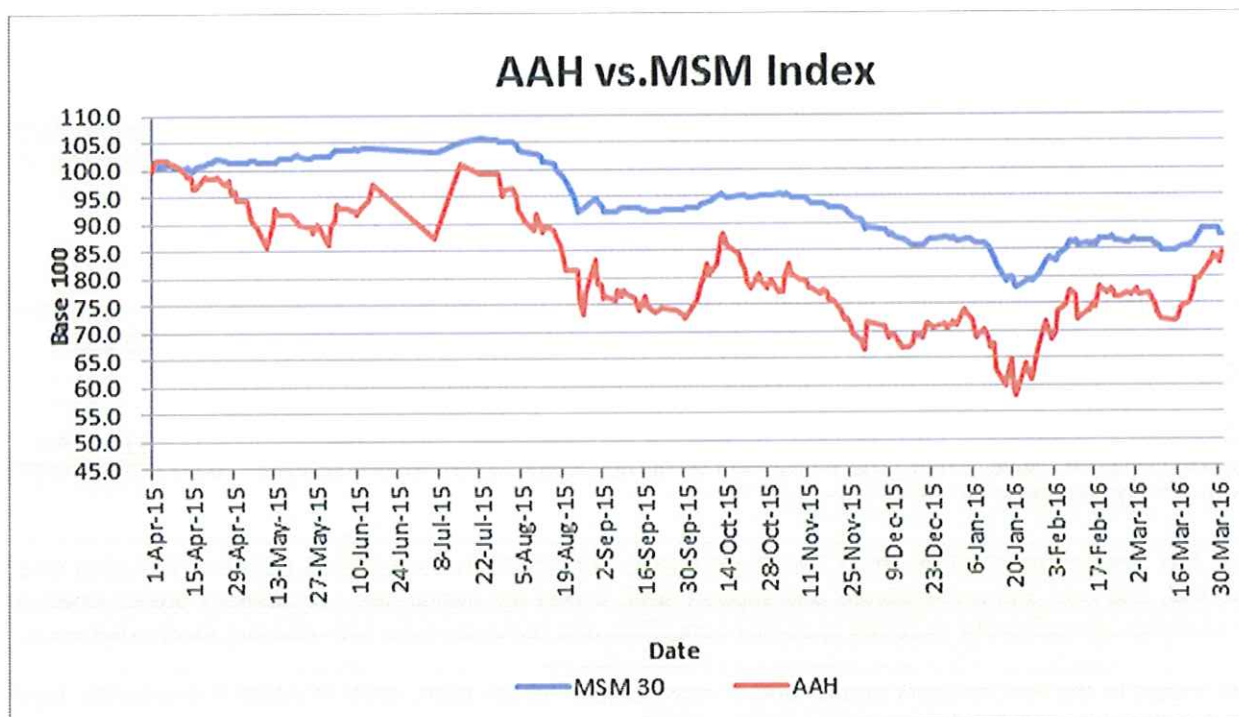
(d) The Board has approved Directors' remuneration of RO. 150,500 for the year 2015-16 (FY 2014-15: RO 146,000) which is subject to approval of the Company's shareholders at the Annual General Meeting to be held on June 13th, 2016.

12. Details of non-compliance by the company

No penalties have been imposed by CMA or MSM or any other statutory bodies on the company.

13. Market price data

The monthly high and low share price of the company during the financial year ended 31st March 2016 was as under:



14. Distribution of Shares

The share holding pattern as on 31st March 2016 is as given below:

Distribution	No of Shares Holders	%age of Shareholders	No of Shares	%age of No. of Shares
1 to 50,000	1,725	85%	13,220,453	9%
50,001 to 100,000	129	6%	9,301,786	6%
100,001 to 200,000	63	3%	8,858,229	6%
200,001 to 500,000	60	3%	18,225,927	12%
500,001 & Above	43	2%	100,468,605	67%
Grand Total	2,020	100%	150,075,000	100%

The Company does not have any foreign Global Depository Receipts (GDR) / American Depository Receipts (ADR) / Warrants or any other instrument of any type issued to public or institutional investors or any other class of investors.

15. Professional profile of the statutory auditor

PwC is a global network of firms operating in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, tax and advisory services. PwC also provides corporate training and professional financial qualifications through PwC's Academy.

Established in the Middle East for over 40 years, PwC Middle East has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 3,000 people. (www.pwc.com/me).

PwC has been established in Oman for over 40 years and the Firm comprises 3 partners, including one Omani national, and over 140 professionals and support staff. Expert assurance, tax and advisory professionals are able to combine internationally acquired specialist consulting and technical skills with relevant local experience.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

During the year 2015-16, details of professional fees are as follows:

	RO
Audit of financial statements for the year ended 31 March 2016 and compliance with Code of Corporate Governance	<u>6,400</u>

A subsidiary of the group paid an audit fee of RO 9,500 for the year ended 31 December 2015.

16. Specific areas of non-compliance with the provisions of corporate governance and reasons

This report is prepared in compliance with the Code of Corporate Governance and covers all the items specified in Annexures 1 and 4 of the Code.

17. Acknowledgement by Board of Directors

The Board of Directors is responsible for the preparation of the financial statements in accordance with the applicable standards and rules.

There are no material things that effect the continuation of the Company and its ability to continue its operations during the next financial year.

The Board of Directors, through the Audit Committee's consideration of the results of the internal audit work and discussions with the external auditors, together with their examination of periodic management information and discussions with the management, have reviewed the operation of internal controls during the year ended 31st March 2016. The Board of Directors has concluded based on this that internal controls operated effectively throughout the year.


Masoud Humaid Al Harthy
Chairman


Abdulredha Mustafa Sultan
Chairman Audit Committee