1 General information

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') 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.

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	Parent Company Carrying value
			2019	2018
		%	OMR'000	OMR'000
Al Anwar Development LLC	Investment	100	498	466
Al Anwar International Investment LLC	Investment	100	1,640	1,472
Al Anwar Hospitality SAOC	Hospitality	100	489	500
			2,627	2,438

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	% Holdings	Carrying value 2019 OMR'000	Market value 2019 OMR'000
Voltamp Energy SAOG and its subsidiaries	Manufacture of electrical equipment	24.68	4,966	3,796
Al Maha Ceramics Company SAOG	Manufacture of ceramic tiles	23.74	2,612	2,611
Arabia Falcon Insurance Company SAOG	Insurance	22.62	4,245	2,617
The National Detergent Company SAOG	Manufacture of detergents	25.24	4,568	3,005
National Biscuit Industries SAOG	Manufacture of biscuit	29.22	1,804	1,145
Oman Chlorine SAOG	Manufacture of chemicals	22.15	7,985	6,035
Total Quoted			26,180	19,209
Alruwad International Education Services SAOC	Education	43.51	4,638	-
Hormuz Al Anwar Cement SAOC	Manufacture of cement	40	40	-
Total Unquoted			4,678	-
Total			30,858	-

3. Investment in associate (continued)

Name	Principal activity	% Holdings	Carrying value 2018 OMR'000	Market value 2018 OMR'000
Voltamp Energy SAOG and its subsidiaries	Manufacture of electrical equipment	24.68	5,111	7,397
Al Maha Ceramics Company SAOG	Manufacture of ceramic tiles	23.74	2,555	3,773
Arabia Falcon Insurance Company SAOC	Insurance	19	3,843	3,682
The National Detergent Company SAOG (note 3d)	Manufacture of detergents	21.74	4,142	2,411
National Biscuit Industries SAOG (note 3d)	Manufacture of biscuit	29.22	1,640	3,745
Total Quoted			17,291	17,263
Alruwad International Education Services SAOC	Education	43.51	4,478	-
Hormuz Al Anwar Cement SAOC	Manufacture of cement	40	40	-
Total Unquoted			4,518	-
Total			21,809	-

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

	2019 OMR'000	2018 OMR'000
At 1 April	**21,809**	11,076
Additions	**3,102**	8,958
Disposal	**(240)**	(69)
Transfer from investment at fair value	**6,282**	-
Realised loss on part divestment of associate	**(40)**	-
Gain on excess of share of fair value of identifiable net assets over the cost	**-**	1,419
Dividend received during the year	**(943)**	(781)
Share of profit during the year	**1,087**	1,361
Share of other comprehensive loss	**(199)**	(155)
At 31 March	**30,858**	21,809

3. Investment in associate (continued)

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

Name	Assets	Liabilities	Revenues	Net profit	Share of profit
	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000
2019					
Voltamp Energy SAOG and its subsidiaries	**45,067**	**23,597**	**39,764**	**31**	**7**
Al Maha Ceramics SAOG	**12,869**	**3,317**	**8,437**	**1,203**	**286**
Arabia Falcon Insurance SAOG	**68,640**	**50,634**	**16,065**	**1,041**	**233**
The National Detergent Company SAOG	**25,502**	**11,430**	**21,355**	**884**	**192**
National Biscuit Industries SAOG	**9,616**	**3,920**	**6,512**	**711**	**207**
Oman Chlorine SAOG	**89,469**	**56,371**	**12,541**	**1,376**	**-**
Al Ruwad International Education Services SAOC	**10,023**	**5,464**	**1,879**	**369**	**162**
Hormuz Al Anwar Cement SAOC	**40**	**1,740**	**-**	**(174)**	**-**
Total					**1,087**
2018					
Voltamp Energy SAOG and its subsidiaries	43,871	20,785	43,047	3,027	754
Al Maha Ceramics SAOG	13,332	3,494	8,657	1,505	358
Arabia Falcon Insurance SAOG	62,560	43,960	7,244	849	161
The National Detergent Company SAOG	25,072	11,204	21,813	847	-
Al Ruwad International Education Services SAOC	8,859	4,696	1,827	203	88
Hormuz Al Anwar Cement SAOC	100	-	-	-	-
Total					1,361

At 31 March 2019, the proportional net assets for all associates amounted to approximately OMR 24 Million.

(d) Business combinations acquired during prior year and finalised during the current year

National Biscuit Industries SAOG

The Group had classified National Biscuit Industries SAOG as investment held for sale as at 31 March 2018 based on an offer received from external party. During the current year, the Group has reclassified the investment in National Biscuit Industries SAOG from held for sale investment to investment in associate as the transaction could not be executed.

In line with International financial reporting standards (IFRS), The Group is required to account for the investment retrospectively from the date of acquisition. Based on this, the Group has restated the prior year consolidated financial statements using retrospective equity accounting.

During the prior year, the Group acquired 29.22% shareholding in National Biscuit Industries SAOG (the "Company") for a consideration of RO 1,640 thousands. The management had performed purchase price accounting for the acquisition of the Company by applying purchase method of accounting, as follows:

3. Investment in associate (continued)

Reconciliation of the summarised financial information to the carrying amount of the Group's interest in the Company.

	2019 OMR'000
Fair value of net assets acquired	1,638
Cost of acquisition	(1,640)
	2
Goodwill included in carrying value	

The National Detergent Company SAOG (NDC)

The Group had acquired 21.62% shareholding in NDC for an amount of RO 2,876 thousands during the prior year. The Group has determined that it has significant influence because it has a representation on the Board of Directors on NDC. During the prior year, management had performed initial accounting for the acquisition of NDC by applying purchase method of accounting because the fair values to be assigned to the NDC's majority of the identifiable assets and liabilities can only be determined provisionally. However, the Group had obtained an independent valuation of the plot of land owned by NDC as it represents significant portion of total assets of NDC. The share of the net provisional fair value of the investee's identifiable assets and liabilities amounted to RO 3,682 thousands as compared to acquisition cost of RO 2,876 thousands and accordingly, the excess of RO 806 thousands had been recognised in the consolidated statement of comprehensive income in the prior year. In accordance with the provisions of IFRS 3, the Group has performed a final purchase price accounting and have determined further adjustments to the fair value of net assets acquired, as follows and in note 27 ;
Reconciliation of the summarised financial information to the carrying amount of the Group's interest in the Company.

	2019 RO'000
Net assets acquired	13,868
Fair value of net assets acquired	3,682
Cost of acquisition	(2,876)
Bargain gain based on provisional purchase price accounting	806
Adjustments to the fair value of net assets acquired based on final purchase price accounting (note 27)	613
Bargain gain based on final purchase price accounting	1,419

Alruwad International Education Services SAOC

During the prior year, the Group acquired 43.51% shareholding in Alruwad International Education Services SAOC ("School") for a consideration of RO 4,389 thousands. The management had performed initial accounting for the acquisition of the School by applying purchase method of accounting because the fair values to be assigned to the School's majority of the identifiable assets and liabilities could only be determined provisionally. In accordance with the provisions of IFRS 3, the Group has performed a final purchase price accounting and have determined further adjustments to the fair value of net assets acquired , as follows :

3. Investment in associate (continued)

Reconciliation of summarised financial information to the carrying amount of the Group's interest in the Company.

	2019 OMR'000
Net assets acquired	4,154
Fair value of net assets acquired	4,181
Cost of acquisition	(4,389)
Goodwill based on provisional purchase price accounting	208
Adjustments to the fair value of net assets acquired based on final purchase price accounting	514
Goodwill based on final purchase price accounting included in carrying value	722

(e) Business combinations acquired during the year.

Oman Chlorine SAOG

During the year, the Group acquired an additional stake of 6.75% shareholding in Oman Chlorine SAOG (the "Company") for a consideration of RO 1,702 thousand. At this stage, management has performed initial accounting for the acquisition of the Company by applying purchase method of accounting because the fair values to be assigned to the Company's majority of the identifiable assets and liabilities can only be determined provisionally. In accordance with the provisions of IFRS 3, the Group will recognise any further adjustments to these provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

Cost of acquisition

The movement in the cost of acquisition of investment in Oman Chlorine SAOG is as follows::

	OMR'000 2019
Balance under fair value as of 1 April 2018	(6,282)
Add: purchases made from 28 March 2019	(1,702)
Cost of acquisition	(7,984)
Fair value of net assets acquired	6,874
Goodwill based on initial purchase price accounting	1,110

(f) Impairment testing of carrying value of investment in associates was carried out during the year and accordingly no impairment was recorded in the current year (2018: nil).

(g) Certain investment in associates are pledged as security for term loans obtained by the Parent Company in the amount of OMR 22 million (note 10).

4 Investments at fair value

	2019	2018
	OMR'000	OMR'000
Ominvest SAOG Bonds - 7.75%	**13,000**	-
Dhofar International Development and Investment Holding SAOG	**6,227**	4,039
Almondz Global Securities Ltd. (India)	**417**	420
Sun Packaging Co. LLC	**376**	376
Al Ritaj Investment Company KSC (Kuwait)	**48**	45
Held for trading investments	**158**	156
Oman Chlorine SAOG	**-**	6,282
Ominvest SAOG	**-**	3,190
	20,225	14,508

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 and investments in the amount of OMR 14 million are pledged as securities against borrowings.

At 31 March 2019, quoted investments measured at FVTPL amounted to OMR 17,984 thousands (31 March 2018 - FVTPL amounting to OMR 7,805 thousands)

At 31 March 2019, FVOCI amounted to OMR 1,817 thousands (31 March 2018 - AFS amounting to OMR 6,282 thousands)

At 31 March 2019, unquoted investments measured at FVTPL amounted to OMR 424 thousands (31 March 2018: OMR 421 thousands)

Movement in investments at fair value is as follows:

	2019	2018
	OMR'000	OMR'000
At 1 April	**14,508**	36,614
Purchases during the year	**1,880**	11,534
Transfer from receivable (note 6)	**13,000**	-
Day 1 loss on investment	**-**	(1,129)
Disposals during the year	**(3,191)**	(31,088)
Transfer to Associates	**(6,282)**	-
Unrealised gain - net	**310**	(1,423)
At 31 March	**20,225**	14,508

Investments at fair value are analysed as follows:

	2019	2018
	OMR'000	OMR'000
Banking and investment sector	**19,843**	7,843
Industrial sector	**382**	6,665
	20,225	14,508

Included in the above investment, OMR 417,000 (2018 : 420,000) is quoted investment in India and OMR 48,000 (2018 : 45,000) unquoted investment in Kuwait.

5 Property and other assets

	Freehold Land OMR'000	Furniture and fixtures OMR'000	Vehicle Motor OMR'000	Capital work in progress OMR'000	Total OMR'000
Cost:					
At 1 April 2018	1,948	56	30	75	2,109
Additions during the year	-	-	-	55	55
Disposal during the year	-	(1)	-	-	(1)
At 31 March 2019	**1,948**	**55**	**30**	**130**	**2,163**
Accumulated depreciation:					
At 1 April 2018	-	46	30	-	76
Charge for the year	-	3	-	-	3
Disposal during the year	-	(1)	-	-	(1)
At 31 March 2019	-	**48**	**30**	-	**78**
Net book value:					
At 31 March 2019	**1,948**	**7**	**-**	**130**	**2,085**

	Freehold Land OMR'000	Furniture and fixtures OMR'000	Motor vehicles OMR'000	Capital work in progress OMR'000	Total OMR'000
Cost:					
At 1 April 2017	1,948	56	30	-	2,034
Additions during the year	-	5	-	75	80
Disposal during the year	-	(5)	-	-	(5)
At 31 March 2018	1,948	56	30	75	2,109
Accumulated depreciation:					
At 1 April 2017	-	48	30	-	78
Charge for the year	-	3	-	-	3
Disposal during the year	-	(5)	-	-	(5)
At 31 March 2018	-	46	30	-	76
Net book value:					
At 31 March 2018	1,948	10	-	75	2,033

6 Receivables

	2019	2018
	OMR'000	OMR'000
Prepayments and dividend receivables	**645**	1,466
Receivable from Ominvest	-	13,000
Due from related parties	**66**	180
Receivable from Addax Bank B.S.C.	-	151
	711	14,797

The receivable from Ominvest in prior year was converted into perpetual bonds (note 4).

7 Share capital

The authorised share capital of the Parent Company comprises 300,000,000 (2018 - 200,000,000) shares of 100 baisas (2018 - 100 baisas) each. The issued and fully paid up share capital consists of 200,000,000 shares (2018 - 200,000,000 shares) of 100 baisas (2018 - 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	**2019 (%)**	Number of shares held	2018 (%)
Fincorp Investment Company LLC	**48,596,140**	**24**	40,310,564	23
NBO/ Oman Growth Fund / Vision Asset	**13,461,797**	**7**	11,271,674	6
Rt. Brag. Masoud Humaid Malik Al Harthy	**10,674,157**	**5**	-	-
Mohamed and Ahmed Al Khonji Company LLC	**10,067,686**	**5**	8,809,349	5
Al Khonji Invest LLC	**9,996,569**	**5**	8,747,121	5
		46		39

8 Legal reserve

The statutory reserve which is not available for distribution is calculated in accordance with article 106 of the Commercial Companies Law of 1974 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 of associates. These relate to Voltamp Energy SAOG, National Detergent Company SAOG and Arabia Falcon Insurance SAOG.

10 Bank borrowings

	2019 OMR'000	2018 OMR'000
Total borrowings	**19,655**	16,744
Current portion of borrowing	**(4,705)**	(10,714)
Non-Current portion of borrowing	**14,950**	6,030

The Parent company has borrowings from four Omani Commercial Banks. The borrowings are term loans and overdraft. The borrowings carry annual interest rates ranging from 3.5% to 5.75% per annum (2018 – 3% to 6%). These borrowing are secured through pledge over investment of the Parent Company in the aggregate amount of OMR 36 Million (note 3 and 4). The Parent Company has overdraft facilities of OMR 950,000 (2018 - OMR 950,000).

11 Payables

	2019 OMR'000	2018 OMR'000
Accrued expenses	59	231
Employees' end of service benefits	58	46
	117	277

Employees' end of service benefits	2019 OMR'000	2018 OMR'000
At 1 April	46	39
Charge for the year (note 16)	12	7
At 31 March	58	46

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 year-end as follows:

	2019 OMR'000	2018 (restated) OMR'000	1 April 2017 (restated) OMR'000
Net assets attributable to the shareholders of the Parent Company (RO'000)	34,604	36,510	37,652
Number of shares outstanding at 31 March ('000)	200,000	200,000	200,000
Net assets per share (in Baisas)	173	183	179

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 year presented.

13 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:

	2019 OMR'000	2018(restated) OMR'000	2018 OMR'000
Profit for the year attributable to equity shareholders of Parent Company	612	4,479	3,866
Weighted average number of shares outstanding ('000)	200,000	200,000	200,000
Basic earnings per share (in Baisas)	3	22	19

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 year presented.

14 Net investment income

	2019	2018 (restated)
	OMR'000	OMR'000
Unrealised (loss) gains on financial assets	128	(816)
Recovery on of investment in Addax Bank B.S.C.	26	393
Loss on part divestment of associates	(40)	-
Realised gain on sale of investments - net	7	3,746
Dividend income	228	566
Interest income from bonds	681	242
Day 1 loss on investment	-	(1,129)
Gain on excess of Parent Company's share of final fair value of identifiable net assets over the cost of investment	-	1,563
	1,030	4,565

Interest on bonds is recognized on receipt in accordance with the terms of the perpetual bonds.

15 Other income

	2019	2018
	OMR'000	OMR'000
Directors sitting fees	15	18
Others	-	(1)
	15	17

16 Administrative expenses

	2019	2018
	OMR'000	OMR'000
Employment cost	300	236
Office rent and utilities	15	15
Consultancy fees	23	36
Depreciation (note 5)	3	3
Legal fees	15	28
Audit fees	10	8
Business promotion	13	10
Fees and subscription	30	30
Meeting & Seminar	11	9
Insurance	3	3
Communications	4	4
Miscellaneous	29	41
	456	423

16 Administrative expenses (continued)

The analysis of employment cost is as follows:

	2019 OMR'000	2018 OMR'000
Salaries	**211**	146
Other benefits	**73**	79
Social security costs	**4**	4
Employees' end of service benefit (note 11)	**12**	7
	300	236

17 Financing charges

	2019 OMR'000	2018 OMR'000
Interest expense	**848**	800
Bank charges	**148**	86
	996	886

18 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.

The compensation to key management personnel for the year comprises:

	2019 OMR'000	2018 OMR'000
Total employment costs	**252**	186
Directors' sitting fees paid	**43**	47
Directors' remuneration	**-**	83
	295	316

The Directors' sitting fees of OMR 42,700 (2018 - OMR 46,900) and Directors' remuneration of OMR Nil (2018 - OMR 83,000 is subject to the approval of the shareholders at the Annual General Meeting.

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

	2019 OMR'000	2018 OMR'000
Hormuz Al Anwar Cement SAOC	**57**	171
Al Maha Ceramic Co SAOG	**9**	9
	66	180

19 Taxation

The Parent Company and its subsidiaries are assessed separately for taxation. The tax rate applicable is 15% (2018 - 12%). The Group is not taxed as a taxable entity.

The status of tax assessments of the Parent Company and its subsidiaries is as follows:

i. Parent Company

The tax returns of the Parent Company for the tax years 2014 to 2018 have not yet been agreed with the Secretariat General for Taxation at the Ministry of Finance. The management believes that additional taxes, if any, related to the open tax years would not be significant to the Parent Company's financial position as at 31 March 2019.

ii. Subsidiaries

The tax assessments of subsidiaries are at different stages of completion. Management is not aware and does not expect any additional tax liabilities to be incurred relating to the open tax years.

(a) Reconciliation is as follows:

	2019 OMR'000	2018 OMR'000
Profit before taxation	**612**	3,866
Tax charge at applicable rates	**92**	351
Expenses not deductible	**742**	514
Exempt incomes	**(838)**	(869)
Deferred tax not recognised	**4**	4
Total	**-**	-

(b) Movement in current tax liability is as under:

	2019 OMR'000	2018 OMR'000
At 1 April	**-**	48
Paid during the year	**-**	(48)
At 31 March	**-**	-

The Parent companies has tax losses available for carry forward as at 31 March 2019 of approximately OMR 1.67 million. The Parent company is not recognizing a deferred tax asset on the basis that the income of the Parent is predominantly exempt from income tax and it will not have sufficient future taxable profits against which to utilise the tax losses. The Group companies can only utilise its own tax losses against its own taxable income. The tax losses are subject to expiry under the Oman Income Tax Law.

20 Proposed dividends

The Board of Directors have proposed cash dividend of 10 % amounting to OMR 2 million (2018: 12.5% amounting OMR 2,500,000). In the prior year stock dividend amounting to OMR 2,499,754 was declared.

21 Financial risk management

(a) Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Management recognises the critical importance of having efficient and effective risk management systems in place.

(b) Financial risks

The Group's principal financial instruments are listed and unlisted investments, other receivables and cash and cash equivalents. The main risks arising from the Group's financial instruments are:

(i) Credit risk;
(ii) Liquidity risk; and
(iii) Market risk

- Price risk.
- Exchange rate risk;
- Interest rate risk; and

The Group reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.
Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

For all classes of financial assets held by the Group, the maximum credit risk exposure to the Group is the carrying value as disclosed in these consolidated financial statements at the reporting date.

The table below shows the short-term rating of the banks with which the Group and the Parent Company places funds as published by Moody's Investors Services:

	Rating	**2019** **OMR'000**	2018 OMR'000
Bank balances	P-1	**488**	378
Bank balances	P-2	**5**	4
Bank balances	P-3	**3**	2
		496	384

The maximum exposure to credit risk at the reporting date by type is shown as below:

	2019 **OMR'000**	2018 OMR'000
Receivables (excluding prepayments)	**711**	14,617
Bank balances	**496**	384
	1,207	15,001

Bank balances and receivables are also subject to the impairment requirement of IFRS 9 and were assessed as such and the identified expected credit loss was immaterial.

21 Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet bank liabilities when they fall due. Liquidity requirements are monitored on a weekly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual obligations. Repayments for which are subject to notice, are treated as if notice were to be given immediately.

2019	**Up to 1 year OMR'000**	**Over year OMR'000**	**Total OMR'000**
Bank borrowings	**14,950**	**4,705**	**19,655**
Payables	**59**	**58**	**117**
	15,009	**4,763**	**19,772**
2018			
Bank borrowings	10,714	6,030	16,744
Payables	231	46	277
	10,945	6,076	17,021

The maturity profiles of Group's financial assets are given below:

2019	**Within 1 year OMR'000**	**Non fixed maturity OMR'000**	**Total OMR'000**
Investment in associates	-	**30,858**	**30,858**
Investments at fair value	**158**	**20,067**	**20,225**
Receivables	**711**	-	**711**
Cash and bank balances	**496**	-	**496**
	1,365	**50,925**	**52,290**
2018			
Investment in associates	-	21,809	21,809
Investment at fair value	156	14,352	14,508
Receivables	14,797	-	14,797
Cash and bank balances	384	-	384
	15,337	36,161	51,498

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, the Group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

21 Financial risk management (continued)

Market risk (continued)

Price risk
Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments.
As at reporting date, the Group has no significant concentration of price risk.

A 10% change in fair value of the Group's quoted financial assets would have impact on equity of approximately OMR 1.5 million (2018 - OMR 1.1 million).

Exchange rate risk
Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at reporting date, the Group is not exposed to any significant exchange rate risk, as the exchange rate for USD is pegged to Rial Omani.

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group invests in securities that are subject to interest rate risk. Interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on its interest-bearing securities.

At 31 March 2019, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been lower/higher by OMR 185 thousands (2018- OMR 182 thousand).

(c) Fair value estimation

The table below analyses financial instruments that are measured subsequent to initial recognition at fair value, by valuation techniques. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets;
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.

	Level 1	**Level 2**	**Level 3**	**Total**
	OMR'000	**OMR'000**	**OMR'000**	**OMR'000**
2019				
Financial assets at fair value	**19,801**	**-**	**424**	**20,225**
2018				
Financial assets at fair value	7,805	-	6,703	15,408

Level 3 investments are investments in shares of unquoted companies and one thinly traded security. The management values the investment using a discounted cashflow method. Management considers that the carrying value of the investment approximate to its fair value as significant portfolio of the underlying assets and liabilities of the investee companies are either fair valued or are in cash and cash equivalents where fair value approximate the carrying value. Therefore, unadjusted net assets value is representative of fair value of the investments.

22 Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks.

The Group has detailed systems and procedures manuals with effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and assessment processes etc. with a compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

23 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong net worth and healthy capital adequacy ratios.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.
The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds and bank borrowings. The capital requirements are routinely forecast on a periodic basis, and assessed against both the forecast available capital and the expected internal rate of return including risk and sensitivity analyses. The process is ultimately subject to approval by the Board of Directors.

The Group has no significant changes in its policies and processes to its capital structure during the year from previous year.

24 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 (applicable to 2018)

The Group follows the guidance of IAS 39 to determine when an equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. As there is no decline in fair values which could lead to impairment loss, hence, no sensitivity analysis of the estimate carried.

24 Critical accounting estimates and judgements (continued)

Impairment of financial assets (applicable to 2019)

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.

(ii) Classification of investments (applicable to 2018)

On acquisition of an investment, management has to decide whether it should be classified as "at fair value through profit or loss", "available for sale" or as "loans and receivables". In making that judgment the Group considers the primary purpose for which it is acquired and how it intends to manage and report its performance. Such judgment determines whether it is subsequently measured at cost or at fair value and if the changes in fair value of instruments are reported in the consolidated statement of profit or loss or directly in equity.

(iii) Classification of financial assets (applicable to 2019)

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.

(iv) 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.

(v) 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.

25 Summary of significant 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 years presented in these consolidated financial statements, unless otherwise stated.

25.1 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 year ended 31 March 2019 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 25.

(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 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.

25.2 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.

25 Summary of significant accounting policies (continued)

25.2 Basis of consolidation (continued)

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 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 31 March and its subsidiaries and associates drawn up to 31 December of preceding year 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.

25 Summary of significant accounting policies (continued)

25.3 Financial assets

25.3.1 Classification of financial assets and financial liabilities (applicable to 2018)

The Group classifies its financial assets in the following categories: investment at fair value, and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at the time of initial recognition. Investments are divided into two categories:

(a) Available for sale investments

Available for sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available for sale investments are initially recognised at fair value including transaction costs. These are subsequently measured at fair value and changes in the fair value of available for sale financial assets are recognised in the other comprehensive income.

When securities classified as available for sale are sold, the accumulated fair value changes recognised in equity are included in the consolidated statement of comprehensive income.

The fair value of available for sale investments is based on their quoted market prices as at the reporting date. The fair value of financial instruments that are not traded in an active market (for example, unquoted investments or illiquid listed equities) is determined by using certain valuation techniques.

(b) Investment held for trading

Investments held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short-term. These investments are initially recognised at fair value. Transaction costs for all investments carried at fair value through profit or loss are expensed as incurred.

Financial assets at fair value through profit or loss are subsequently carried at fair value. The fair value of financial assets through profit or loss is based on their quoted market prices as at the reporting date. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss category are included in the consolidated statement of comprehensive income in the year in which these arise.

(c) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and arise during the ordinary course of the business. Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or origination. These are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment, if any.

(d) Gain / (loss) on investment at fair value

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are presented in the consolidated statement of comprehensive income within 'unrealised (loss) / gain on financial assets at fair value through profit or loss - net' in the year in which these arise.

Gain or losses arising from change in fair value of available for sale investments are taken to other comprehensive income in the year in which these arise except for the impairment losses which are recognised directly in the consolidated statement of comprehensive income. When available for sale investments are derecognised or impaired, the accumulated fair value adjustment is recognised in the consolidated statement of comprehensive income.

Classification of financial assets and financial liabilities (applicable to 2019)

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

25 Summary of significant accounting policies (continued)

25.3 Financial assets (continued)

25.3.1 Classification of financial assets and financial liabilities (applicable to 2019) (continued)

IFRS 9 removes the requirement contained in IAS 39 relating to bifurcation of an embedded derivative from an asset host contract. However, entities are still required to separate derivatives embedded in financial liabilities where they are not closely related to the host contract.

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities with the exception of the treatment of the gains and losses from the Company's own credit, which arise where the Company has chosen to measure a liability at fair value through profit or loss, these gains and losses are recognised in other comprehensive income. There continue to be two measurement categories for financial liabilities: fair value and amortised cost.

a) Initial recognition

Financial assets and liabilities are initially recognised on the trade date. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from the amount. Trade receivables are measured at the transaction price. The Day 1 gain or loss is recognised when the fair value of financial instruments at initial recognition differs from the transaction price.

b) Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

c) Measurement categories of financial assets and liabilities

From 1 April 2018, the Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

• Amortised cost;

• Fair value through other comprehensive income (FVOCI); or

• Fair value through profit or loss (FVTPL)

The Group classifies and measures its derivative and trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Before 1 April 2018, the Group classified its financial assets as loans and receivables (amortised cost), FVTPL, available-for-sale or held-to-maturity (amortised cost).

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

25 Summary of significant accounting policies (continued)

25.3 Financial assets (continued)

Classification of financial assets and financial liabilities (applicable to 2019) (continued)

Financial instruments – initial recognition

a) Financial investments at amortised cost

From 1 April 2018, the Group only measures financial assets at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

• How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel

• The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

• How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(ii) The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial to identify whether they meet the SPPI test. Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).
The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de-minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

b) Debt instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

25 Summary of significant accounting policies (continued)

25.3 Financial assets (continued)

Classification of financial assets and financial liabilities (applicable to 2019) (continued)

• The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets

• The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise assets that had previously been classified as financial investments available-for-sale under IAS 39.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

c) Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

d) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;

The liabilities (and assets until 1 January 2018 under IAS 39) are part of the group financial liabilities (or financial assets, or both under IAS 39), which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

The liabilities (and assets until 1 January 2018 under IAS 39) containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

25 Summary of significant accounting policies (continued)

25.3 Financial assets (continued)

Classification of financial assets and financial liabilities (applicable to 2019) (continued)

25.3.2 Derecognition (applicable to 2018 and 2019)

(a) Financial assets

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive cash flows from the financial assets and either:

- substantially all the risks and rewards of the ownership have been transferred, or
- substantially all the risks and rewards have not been transferred but control has been transferred.

(b) Financial liabilities

Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or expired.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

(a) Assets carried at amortised cost (continued)

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(b) Financial assets as fair value

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of these securities below its cost is also evidence that the assets are impaired.

25 Summary of significant accounting policies (continued)

25.3 Financial assets (continued)

25.3.3 Impairment of financial assets (Applicable to 2018)

If any such evidence exists for available for sale investments, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of comprehensive income is removed from other comprehensive income and recognised in the consolidated statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

25.4 Asset held for sale

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of reclassification.

Property and other assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or,
- Is a subsidiary acquired exclusively with a view to resale.

25.5 Impairment of non-financial assets (Applicable to 2018 and 2019)

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Any impairment loss on goodwill is recognised immediately as an expense and is not subsequently reversed.

25.6 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.

25 Summary of significant accounting policies (continued)

25.7 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.

25.8 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.

25.9 End of service benefits

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". 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

25.10 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.

25.11 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.

25 Summary of significant accounting policies (continued)

25.12 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 disallowed 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.

25.13 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.

25.14 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 bounds 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.

25.15 Income tax

Income tax on the results for the year 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 year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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.

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.

25 Summary of significant accounting policies (continued)

25.16 Directors' remuneration

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

25.17 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 year. 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.

25.18 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.

25.19 Operating segment

The Group does not have any operating segment.

25.20 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.

- 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 year end approximate their carrying amounts as stated in the consolidated statement of financial position.

25 Summary of significant accounting policies (continued)

25.21 Changes in accounting policy and disclosures

(a) Adoption of new and amended standards and interpretations to IFRS

For the year ended 31 March 2019, the Group has adopted all of the following new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial

Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 April 2019:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements Cycle - 2014-2016
    - Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The adoption of these standards and interpretations has not resulted in any significant changes to the Group's accounting policies and has not affected the amounts reported for the current year except for that of IFRS 9 which is detailed below.

25.21.1 - IFRS 9 Financial instruments

IFRS 9 has been adopted by the Group for the period starting form 1 April 2018. The Group has not restated comparative information for 2018 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2018 is reported under IAS 39 and is not comparable to the information presented for the period ended 31 March 2019. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 April 2018 and are disclosed in these consolidated financial statements.

a) Changes to classification and measurement
IFRS 9 requires to determine the classification and measurement category for all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses on profit or loss on derecognition; and
- Financial assets at fair value through profit or loss (FVTPL).

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The Company's classification of its financial assets and liabilities is explained in Notes 26. The quantitative impact of applying IFRS 9 as at 1 April 2019 are disclosed in the succeeding disclosures.

b) Changes to the impairment calculation

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 Group 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

25 Summary of significant accounting policies (continued)

25.21.1 IFRS 9 Financial instruments (continued):

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 Group's impairment method are disclosed in these consolidated financial statements.

25.21.2 IFRS 15 Revenue from contracts with customers ("IFRS 15"):

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group's adoption of IFRS 15 under modified retrospective method had no material impact on the consolidated financial statements of the Group.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) which may impact the consolidated financial statements of the Group but are not yet mandatory for the year ended 31 March 2019:

- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- Transfers of Investment Property – Amendments to IAS 40
- Annual Improvements 2014-2016 Cycle (issued in December 2016)
  - IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters
  - IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
  - IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
  - IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

Other IASB Standards and Interpretations that have been issued but are not yet mandatory, and have not been early adopted by the group, are not expected to have a material impact on the Group's financial statements.

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) which may impact the consolidated financial statements but are not yet mandatory for year ended 31 March 2019:

- *IFRS 16 Leases:*

The IASB issued IFRS 16 Leases (IFRS 16), which requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). For lessors, there is little change to the existing accounting in IAS 17 Leases. The Group will perform a detailed assessment in the future to determine the extent. The Group will adopt IFRS 16 on 1 April 2019. Early application is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. In 2019, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

Other standards and interpretations that have been issued but are not yet mandatory, and have not been early adopted by the Group, are not expected to have a material impact on the Group's financial statements.

26 Transition disclosures

Set out below are the IFRS 9 transition impact disclosures for the Group. Further details of the specific IFRS 9 accounting policies applied in the current period are described in more detail below.

	Retained earnings OMR ('000)	Fair value reserve OMR ('000)
Closing balance under IAS 39 – 31 March 2018	12,146	(118)
Impact		
Reclassification of AFS debt securities to FVOCI	-	-
Impact of recognition of Expected Credit Losses (ECL)	-	-
Restated balance as at 1 April 2018	12,146	(118)

Classification and Measurement of Financial Instruments

The Group performed a detailed analysis of its business models for managing financial assets as well as analysing their cash flow characteristics. The below table reconciles the original measurement categories and carrying amounts of financial assets in accordance with IAS 39 and the new measurement categories under IFRS 9 as at 31 March 2019:

	IAS 39 Measurement category	IFRS 9 Measureme nt category	IAS 39 Carrying amount OMR ('000)	IFRS 9 Impact Reclassification OMR ('000)	IFRS 9 Carrying amount OMR ('000)
Cash & deposits	AC (L&R)[3]	AC[1]	384	-	384
Equity Securities – listed	AFS[4]	FVOCI[2]	6,282	-	6,282
Equity Securities – listed	FVTPL[5]	FVTPL[5]	7,805	-	7,805
Equity Securities - Unquoted	FVTPL[5]	FVTPL[5]	421	-	421
			14,892	-	14,892

(1) Amortised Cost
(2) Fair Value Through Other Comprehensive Income
(3) Amortised cost (Loans and Receivables)
(4) Available-for-Sale
(5) Fair Value Through Profit or Loss

Financial liabilities
There were no changes to the classification and measurement of financial liabilities.

27. Corresponding figures

During the year, the Parent Company has changed the accounting policy from cost basis to equity accounting in its separate financial statements in line with the amendments of IAS 27 effective from 1 January 2016, therefore the Parent Company net profit for the year ended 31 March 2018 has been restated in its separate financial statements. This has resulted in the increase in amounts being transferred to legal reserve and reduction in retained earnings of the Parent Company separate financial statements which is presented in the Group's financial statements.

The prior year consolidated financial statements have been restated to reflect the impact of final purchase price allocation for associates, National Detergent Company SAOG, Alruwad International Education Services SAOC and National Biscuits Industries SAOG (note 3).

The following line items of the prior periods have been restated as follows:

Statement of comprehensive income

	As per audited financials OMR ('000)	Restatement OMR ('000)	Restated amounts OMR ('000)
Statement of comprehensive income			
Net profit for the year	3,866	613	4,479

	As per audited financials OMR ('000)	Restatement OMR ('000)	Restated amounts OMR ('000)
Statement of financial position			
As at 31 March 2017			
Legal reserve	3,383	636	4,019
Retained earnings	13,016	(636)	12,380
At 31 March 2018			
Investment in associates	19,556	2,253	21,809
Asset classified as held for sale	1,640	(1,640)	-
Legal reserve	3,617	865	4,482
Retained earnings	12,398	(252)	12,146

In addition to the above, certain corresponding figures have been reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassifications do not impact the Group's previous year reported profit or equity.

AL ANWAR HOLDINGS SAOG

SEPARATE STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019

	Notes	**2019 OMR'000**	2018 OMR'000 *Restated*	2017 OMR'000 *Restated*
Assets				
Investment in subsidiaries	2	**2,625**	2,435	1,733
Investment in associates	3	**29,903**	21,786	11,076
Investments at fair value	4	**13,996**	9,999	34,841
Property and other assets	5	**1,954**	1,957	1,955
Receivables	6	**5,657**	17,866	2,648
Cash and bank balances		**451**	214	367
TOTAL ASSETS		**54,586**	54,257	52,620
Equity				
Share capital	7	**20,000**	20,000	17,500
Legal reserve	8	**4,500**	4,432	3,969
Fair value reserve	9	**(317)**	(118)	3,753
Retained earnings		**10,303**	12,191	12,278
Equity attributable to shareholders		**34,486**	36,505	37,500
Liabilities				
Bank borrowings	10	**19,655**	16,744	14,316
Payables	11	**445**	1,008	756
Taxation	12	**-**	-	48
TOTAL LIABILITIES		**20,100**	17,752	15,120
TOTAL EQUITY AND LIABILITIES		**54,586**	54,257	52,620
Net assets per share attributable to shareholders (in Baisas)	13	**172**	183	188

The separate financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 8th May 2019.

CHAIRMAN **DIRECTOR** **CHIEF EXECUTIVE OFFICER**

AL ANWAR HOLDINGS SAOG

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 OMR'000	2018 OMR'000 *Restated*
Share of results of associates	3(c)	**1,087**	1,361
Share of results of subsidiaries		**189**	205
Net investment income	14	**903**	4,498
Other income	15	**15**	17
Net income		**2,194**	6,081
Administrative expenses	16	**(450)**	(414)
Financing charges	17	**(996)**	(886)
Donations		**(25)**	(25)
Director fees & remuneration		**(43)**	(130)
Profit for the year		**680**	4,626
Other comprehensive (loss)/income to be reclassified in profit and loss in subsequent periods:			
Share of other comprehensive loss of associates	3(b)	**(199)**	(155)
Net change in fair value of investments		**-**	(3,716)
Other comprehensive (loss)/ income for the year		**(199)**	(3,871)
Total comprehensive income for the year		**481**	755
Earnings per share (in Baisas)	18	**3**	23