الأنوار القابضة ش.م.ع.ع
AL ANWAR HOLDINGS SAOG

Annual Report 2006-2007

His Majesty Sultan Qaboos Bin Said

Registered office and principal place of business:

Villa No.897, Way No.3013
Shatti Al Qurum
P.O. Box 468
Postal Code 131
Al Hamriya
Sultanate of Oman
Telephone : 24692503/24692504
Fax : 24692507
Email : info@alanwarholdings.com
Website : www.alanwarholdings.com

CONTENTS

BOARD OF DIRECTORS

Mr. Masoud Humaid Malik Al Harthy	Chairman
Mr. Qais Mohammed Yousef Al Yousef	Deputy Chairman
Mr. Shabir Musa Abdullah Al Yousef	Director
Mr. Abdulradha Mustafa Sultan	Director
Mr. Nawwaf Ghubash Ahmed Al Merri	Director
Mr. Mohamed Abdullah Mohamed Al Khonji	Director
Mr. Hamed Rashid Al Dhaheri	Director

CHIEF EXECUTIVE OFFICER

Mr. Krishna Kumar Gupta

AUDITORS

Moore Stephens

LEGAL CONSULTANTS

Hamdan Al Durey
Barristers & Legal Consultants

BANKERS

1. Bank Muscat SAOG
2. Bank Dhofar SAOG
3. Standard Chartered Bank

Directors' Report

for the year ended 31st March 2007

Dear Shareholders,

It gives me great pleasure to welcome you on behalf of the Board of Directors to the Thirteenth Annual General Meeting of Al Anwar Holdings SAOG. On behalf of the Board of Directors I am pleased to present the Annual Report on the activities and performance of your company for the financial year ending 31st March 2007

General Economic Environment:

The economy of the country has continued prospering during 2006. GDP grew by 16.8 percent over last year and at approximately 60 percent over the last three years at current prices due to realized oil price which stood at US$ 62/barrel against the budgeted oil price of US$ 32/barrel. Oil sector grew by 18% while non-oil sector grew by 15.6%. Two important non-oil sectors of natural gas and tourism grew by 61 percent and 22 percent respectively. Inflation was estimated at 3.1 percent.

Along-with Oman, the economies of GCC countries also grew obviously for continued firmness in oil prices which gave rise to increased outlay in non-oil sectors too as all economies in GCC are diversifying into manufacturing, real estate development, infrastructure, tourism and hospitality.

The MSM index concluded the year at 5,582 with 14.5% gain while other GCC markets closed in the red registering decline ranging from 12% to 53% barring Bahrain stock market which registered a modest gain of 1%.

The Year in Retrospect :

In the middle of the year the Board of Directors have installed a new management team and have jointly placed in motion new business strategies, investment policies and procedures and risk management tools. Moreover, the Board together with the management have finalized the Vision and Mission Statements in order to provide clear directions and road map for the company to follow over the coming years.

A thorough and sharp review of all the existing investments was made. These reviews were found to be very helpful by the Board to decide on investments that are of strategic in nature and would require more support and nurturing; the investments that have matured and could be divested at a profit; investment needed immediate technology partner and investments that needed further infusion of capital for sustainable growth.

The management on the direction of the Board took effective steps towards strengthening its monitoring of investee companies. Effective and timely guidance and support have yielded good results and most of the investee companies performed much better than budgeted.

The new management is pro active in their approach and seeking actively the investment opportunities. The management has also obtained Board approval for geographical dispersion of the investments in order to get benefit of high returns from emerging markets on the one hand and diversifying the risk on the other.

The management has put in place to a new organizational chart in order to build the company and bring in institutional maturity to face the future challenges and manage sustainable growth.

Directors' Report (contd.)

for the year ended 31st March 2007

Financial Overview of Al Anwar Group:

The consolidated financial statements presented are an outcome of the following:

1. The revenues generated and the costs incurred by its subsidiaries, that are National Aluminium Products Co. SAOG (Napco), Voltamp Manufacturing Co. LLC (VMC -Switchgear & Transformer Divisions), Sun Packaging Co. LLC (SPC). Napco became subsidiary in the current year from an associate company earlier.

2. The Share of Profit / (Loss) achieved by Associate Companies in which Al Anwar owns between 20% and 50% of share capital.

3. Dividends from other investments and

4. Realized gains made from divestment of matured investments.

Al Anwar group achieved highest ever net profit of RO 2.185 million for the year ended 31st March, 2007 as against a net profit of RO 394 K for the year ended 31st March, 2006 recording a stupendous increase of 455%. We also like to mention that about 41% of the net profit at RO 895 K is generated out of disposal of long term investments.

The management under an able supervision and guidance of the Board could locate, bring and finally partnered with world renowned foreign partner for investment casting company, Al Anwar Blank Co. SAOC during the year. This deal was not only helpful in bringing technology partner and turning around the company but also resulted in a substantial profit on divestment of 60% stake. Similarly, the management was also successful in divesting entire shareholding in Oman Abrasives LLC during the year at a substantial profit and subsequent to the balance sheet date divestment of its entire holding in Oman Drill Mud Products LLC booking good profit.

Divestment of matured investment in Oman Abrasives LLC has helped the Company realize RO 643,000 as investment gains. The company has sold its controlling stake in one of its Subsidiaries, Al Anwar & Blank Co SAOC to a foreign collaborator during the year. The profit realized on account of this transaction amounted to RO 252,000. As a result of this the status of the investment has changed from Subsidiary to Associate during the year.

The Share-of-profits from Associates was at RO 103 K as against loss of RO 19 K in the previous year. The swing of profit during the year is due to better performance of the associate companies and also due to regrouping of results of NAPCO as its status changed from associate to subsidiary during the current year.

The Earning per share (EPS) has improved to 30 Baisas in 2007 as against 8 Baisas in 2006 registering an increase of 275% on the increased Share Capital from RO 5.000 million to RO 7.700 million an increase of 54%.

Net asset of the company improved from 138 Baisas per share to 148 Baisas per share recording an increase of 7.25% on the increased capital.

During the year 2006-07, the company has increased its share capital from RO 5.000 million to RO 7.700 million through Rights Issue. The face value of the Equity share was split to RO 0.100 (100 Baisas) from RO 1/- per share.

Directors' Report (contd.)

for the year ended 31st March 2007

The Board of Directors is pleased to recommend a cash dividend of 5% and stock dividend of 15% for the current year (Previous Year: 5% cash dividend)). The Board has recommended Directors Remmneration of RO 18,250 (Previous year: Nil). Both dividend and Directors' Remuneration are subject to approval by the shareholders at the Annual General Meeting.

Performance of Al Anwar Investments:

I. Subsidiaries:

1. **National Aluminium Products Co. SAOG:** Has retained its success to maximize the gains from buoyancy in the market and minimize the downsides of competition and volatility in the metal prices to greater extent. As a result, the company has reported record profit and excellent turnaround during the year 2006. The company is expected to maintain its success in the years to come.

2. **Voltamp Manufacturing Company LLC** (and its subsidiary): Voltamp has improved its turnover by 46% and profitability by 65% during the year as compared to the year 2005. There has been a rapid growth in order book and execution, with particular emphasis on special transformers. The company has improved its production and plant utilization to meet the increased demand. In view of constant orders from Qatar the company is in the advanced stage of setting up a manufacturing facility for transformers and switch gears at Qatar with Qatari partners under the name of Voltamp Manufacturing Qatar.

3. **Sun Packaging Company LLC:** The capacity expansion made during the year 2005 has started yielding results during the current year. The company is operating at an average of 85% capacity. The additional through-put coupled with improved market mix improved the bottom line by 22%. The company is exploring new product lines during the coming years.

II. Associates:

1. **Al Anwar Blank Company SAOC:** Continue to be under pressure for expanding its customer base. However, the new foreign collaborator, having majority stake shall provide necessary technical and marketing support to put the company back in track. The company is expected to progress well both in terms of turnover and profitability in the coming years and recoup its accumulated losses soon.

2. **Falcon Insurance Company SAOC (Falcon):** Falcon entered into General Insurance business in Oman during the year 2005. The company has posted profits during the first full year of operation i.e. 2006. New personnel are being inducted to strengthen the management. The company is cautiously improving its performance keeping vigil on the risk mitigating policies.

3. **Oman Drilling Mud Products Company LLC:** The Company posted better profits in the current year as compared to previous year. The company is continuing its contract with the major customer and expected to generate consistent returns for the investors in the near term. We would like to mention that Al Anwar has sold its entire shareholding in this company on 19.05.2007

4. **Al Maha Ceramics Company SAOC:** The company was floated during the year 2005 to tap the advantage of robust growth witnessed in the real estate market in Oman, GCC and South East Asia. The company is still in the project implementation stage and the commercial production is planned from third quarter of the

Directors' Report (contd.)

for the year ended 31st March 2007

year 2007. Looking into the growth prospects of real estate industry this investment is promising to give high return to the investors.

III. Other Investment:

Taageer Finance Company SAOG (Taageer): In line with company's vision of increasing its portfolio size in financial sector the company has acquired notable stake in Taageer. There is increase in demand for the financial products and Oman market is poised to grow rapidly, coupled with the higher disposable income at the hands of young population in the country shall augment the demand for the auto finance and other allied financial products.

Vision and Mission Statements:

Vision Statement: Al Anwar has decided on the following vision statement for its future direction:

'To be a leading private equity investment company in the middle east with primary focus on financial services'

Mission Statement: In order to provide road map for foreseeable future, the following mission statement has been approved by the Board:

'Investments to grow by 100% in 5 years to RO20 million with 60% in financial services sector including insurance'

Future Investments and Projects:

1) Financial Services: Al Anwar Holdings in continuation with realigning its investment strategy, non-core investments have been divested and fresh investments were made to improve returns on Investments. The company has plans to further invest in Financial Services Sector in Oman and other GCC countries during the years to come. The company will use all available resources such as internal generation, divestment proceeds and leveraging to finance these investments.

2) Insurance: Insurance is our focused area and our investments in this sector are strategic in nature. The Board has therefore approved to increase our stake in Falcon Insurance Co. SAOC to 51% over the coming years.

3) The Board has realized the utility of creating a trading portfolio of liquid investments so that the company could have regular stream of income for meeting its expenses. With this in view, the Board has approved for creating such a portfolio and gradually increase its corpus over the years to alien it with the investment policy approved.

4) The Board has identified certain other sectors for making investments. The major segments are real estate and infrastructure, hospitality, oil & gas and mining.

Omanisation:

Al Anwar as a company and as a group has always been in the forefront and is fully committed of recruiting and training Omani employees. Present Omanisation in the parent company is 50% while as a group it is 42%.

Directors' Report (contd.)

for the year ended 31st March 2007

Corporate Governance:

Your company's Board and Management have always believed in maintaining a high level of professionalism and integrity in all its operations. The company stands committed to fully adhere to the Code of Corporate Governance issued by the Capital Market Authority. A report on Corporate Governance and also a Management Discussion and Analysis Report have been included in the Annual Report.

The Board has reviewed the existing system of Rules, Regulations and internal controls so as to ensure that they properly identify authorities at various levels and that there is a good system of checks and balances in place. Furthermore all systems and procedures will be constantly upgraded and strengthened which will ensure efficiency and transparency.

Thanks and Appreciation:

I would like to convey our extreme thanks and appreciation to His Majesty Sultan Qaboos Bin Said and His Government for incentives and support for all round sustainable development in the Sultanate. I would also like to thank the Capital Market Authority and the Muscat Securities Market for their guidance and support.

I would also like to express my sincere appreciation to the Board of Directors of all Al Anwar Group investee companies for direction given to the managements of these companies. I place on record my sincere thanks and appreciation for the dedicated efforts of the management team and all employees of the holding company and the group companies. I also thank the Bankers of our companies for their continued support to the Company and its Group.

I would also like to convey my sincere thanks to the shareholders of the company for the confidence they have reposed in the company and in its Board.

For & on behalf of the Board of Directors of
Al Anwar Holdings SAOG

Masoud Humaid Al Harthy
Chairman

MOORE STEPHENS
CHARTERED ACCOUNTANTS

P.O. Box 933, Ruwi
Postal Code 112
Sultanate of Oman
Tel : 24812013
Fax : 24812013
E-mail : stephens@omantel.net.om

Report of Factual Findings in connection with Corporate Governance report of the Company and application of the Corporate Governance practices in accordance with CMA Code of Corporate Governance (Code).

TO THE SHAREHOLDERS OF AL ANWAR HOLDINGS SAOG

We have performed the procedures prescribed in Capital Market Authority (CMA) circular no 16/2003, dated 29 December 2003 with respect to the accompanying Corporate Governance report of the Company and its application of the Corporate Governance practices in accordance with the CMA's code of corporate governance issued under circular no. 11/2002 dated 3 June 2002 and its amendments. Our engagement was undertaken in accordance with the International Standards on Auditing applicable to agreed-upon procedures engagements. These procedures were performed solely to assist you in evaluating the Company's compliance with the Code as issued by the CMA.

We report our findings below:

We found that the Company's Corporate Governance report fairly reflects the Company's application of the provisions of the Code and is free from any material misrepresentation.

We draw your attention to the paragraph of non-compliances of the Company's report on Corporate Governance that states the non-compliances with respect to the Code of Corporate Governance.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing, we do not express any assurance on the Corporate Governance report.

Had we performed additional procedures or had we performed an audit or review in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the Board of Directors' Corporate Governance report included in its annual report for the year ended 31 March 2007 and does not extend to any financial statements of Al Anwar Holdings SAOG, taken as a whole.

13 June 2007

مور ستيفنز وشركاه
ص.ب: ٩٣٣، الرمز ١١٢
روي، سلطنة عمان
P.O. Box : 933, P.Code 112
Ruwi, Sultanate of Oman
MOORE STEPHENS

Moore Stephens

Report on Corporate Governance

for the financial year ending March 31, 2007

1. Company philosophy

The Board of Directors of Al Anwar Holdings SAOG welcomes and supports the initiatives undertaken by the Capital Markets Authority (CMA) in establishing the Code of Corporate Governance for companies listed in the Muscat Securities Market and is committed towards fully adopting the Code. The adoption of the code will enable the company to foster a culture of compliance, transparency and accountability, which in turn will lead to efficient functioning of the Company. We follow the prescriptions of the "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 seven Board members are persons of stature with business acumen. They represent skills and experience in corporate management, strategic planning, team leadership, accounting, and sophistication of investment management.

3. Meetings of the Board.

The Present 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 Malik Al Harthy	Independent	29/06/2006	3 Years	Chairman	Himself Shareholder
Mr. Qais Mohamed Al Yousef	Independent	29/06/2006	3 Years	Deputy Chairman	Fincorp Investment Company LLC
Mr. Shabir Musa Abdullah Al Yousef	Independent	29/06/2006	3 Years	Director	Himself – Shareholder
Mr Abdulredha Mustafa Sultan	Independent	29/06/2006	3 Years	Director	Himself – Shareholder
Mr. Nawwaf Ghubash Ahmed Al Merri	Independent	29/06/2006	3 Years	Director	Himself – Shareholder
Mr. Mohamed Abdullah Al Khonji	Independent	29/06/2006	3 Years	Director	Al Khonji Investment LLC
Mr. Hamed Rashid Al Dhaheri	Independent	29/06/2006	3 Years	Director	Abu Dhabi Natonal Food Products

Report on Corporate Governance (contd.)

for the financial year ending March 31, 2007

The details of the Present Directors' directorship in other public companies in Oman are as follows.

Name of Director	Details of Directorship in Other SAOG/SAOC Companies in Oman
Mr. Masoud Humaid Malik Al Harthy	1. Chairman, Al Anwar Blank Co. SAOC 2. Chairman, Al Maha Ceramics Co. SAOC 3. Chairman, Falcon Insurance Co. SAOC
Mr. Qais Mohamed Al Yousef	1. Director, Taageer Finance Co. SAOG 2. Director, Al Anwar & Blank Co. SAOC
Mr. Shabir Musa Abdullah Al Yousef	Chairman, National Aluminium Products Co. SAOG
Mr Abdulredha Mustafa Sultan	1. Director, Al Jazeira Services Co. SAOG 2. Director, Al Maha Ceramics Co. SAOC
Mr. Nawwaf Ghubash Ahmed Al Merri	None
Mr. Mohamed Abdullah Al Khonji	None
Mr. Hamed Rashid Al Dhaheri	None

The Meeting attendance fees paid to the members for each meeting attended is
(i) Chairman – RO 400/- (ii) Deputy Chairman – RO 300/- (iii) Other Members – RO 250/-

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

SR. #	Name	AGM	Board Meetings held on						
		29/06/06	22/04/06	24/05/06	29/06/06	12/11/06	04/12/06	21/12/06	11/02/07
1	Mr. Masoud Humaid Malik Al Harthy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Mr. Qais Mohamed Al Yousef	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Mr. Shabir Musa Abdullah Al Yousef	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Mr. Abdulredha Mustafa Sultan	Yes	Yes	Yes	Yes	Yes	Yes*	Yes	Yes
5	Mr. Nawwaf Ghubash Ahmed Al Merri	No	No	No	No	Yes	Yes*	Yes	Yes
6	Mr. Mohamed Abdullah Al Khonji	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	Mr. Hamed Rashid Al Dhaheri	Yes	No	No	Yes	No	Yes*	No	Yes

*Attended by way of conference call

Report on Corporate Governance (contd.)

for the financial year ending March 31, 2007

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

Mr. Qais Mohamed Al Yousef	EC Chairman
Mr. Shabir Musa Abdullah Al Yousef	EC Member
Mr. Nawwaf Ghubash Ahmed Al Merri	EC Member

Name of Director	Executive Committee Meetings held on		
	15-Apr-06	26-Sep-06	13-Dec-06
Mr. Qais Mohamed Al Yousef	Yes	Yes	Yes
Mr. Shabir Musa Abdullah Al Yousef	Yes	Yes	Yes
Mr. Nawwaf Ghubash Ahmed Al Merri	Yes	Yes	Yes*

The Meeting attendance fees paid to the members for each meeting attended was RO 200/- for EC Chairman and RO 150/- for EC Member.

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

*Attended by way of conference call

(c) **Audit Committee**

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

Mr. Abdulredha Mustafa Sultan	AC Chairman
Mr. Qais Mohamed Al Yousef	AC Member
Mr. Mohamed Abdullah Mohamed Al Khonji	AC Member

The Meeting attendance fees paid to the members for each meeting attended was RO 200/- for AC Chairman and RO 150/- for AC Member.

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.

Name of Director	Audit Committee Meetings held on			
	13-May-06	29-Jun-06	12-Nov-06	11-Feb-07
Mr. Abdulredha Mustafa Sultan	Yes	Yes	Yes	Yes
Mr. Qais Mohamed Al Yousef	Yes	Yes	Yes	Yes
Mr. Mohamed Abdullah Al Khonji	No	Yes	Yes	Yes
AC Member for part of the year Mr. Hamed Rashid Al Dhaberi	Yes	No	No	No

Report on Corporate Governance (contd.)

for the financial year ending March 31, 2007

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

The terms of reference of the AC are in accordance with the guidelines given by CMA. The major areas covered by the Audit Committee are matters concerning Accounts, Finance, and Compliance with Statutory Laws, Auditors Report.

4. **Process of nomination of directors:** In nomination of candidates, the Board looks for professionalism, integrity and leadership skills. Proven track record, industry knowledge and strategic vision are the key characteristics. The company follows the provisions of the Commercial Companies Law in respect of nomination of the members of Board of Directors.

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

6. 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 arises in the normal course of business. All the related party transactions, if any, are carried out at arms length prices in the normal course of business. No special method of evaluation is followed for these transactions. There are no material related party transactions where directors have an interest.

Means of communication with the Shareholders and investors:

7. 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.

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

9. **Remuneration matters:**
The Meeting attendance fees was as per the remuneration fixed by the Board. A total of RO 21,300/- (FY 2005-06: RO 5,750/-) was paid to Directors for meetings attended during the period 1st April '06 to 31st March '07 as per details given below:

Report on Corporate Governance (contd.)

for the financial year ending March 31, 2007

Name of Director	2006-07	2006-07 **	2005-06 *
Mr. Masoud Humaid Malik Al Harthy	2,800	800	950
Mr. Qais Mohamed Al Yousef	3,300	1,250	150
Mr. Shabir Musa Abdullah Al Yousef	2,200	650	1,350
Mr. Abdulredha Mustafa Sultan	2,550	1,100	700
Mr. Nawwaf Ghobash Ahmed Al Merri	1,450	950	1,350
Mr. Hamed Rashid Ahmed Al Dhaheri	750	650	-
Mr. Mohamed Abdullah Al Khonji	2,200	500	-
Members for part of the year			
Mr. Hamed Rashid Ahmed Al Dhaheri	150		-
Mr. Faisal Mohamed Al Yousef	-		1,100
Mr. Darius Framroze			150
Total Meeting Attendance fees	15,400	5,900	5,750

* Approved in AGM of 2005-06
**Approved in AGM of 2005-06 and paid during 2006-07

10. The remuneration for the employees are, after critical evaluation, fixed by the Board, based on qualification, expertise and efficiency of the executives. The total remuneration of the Top five employees for Financial Year 2006-07 was RO 87,165 (FY 2005-06 : RO 58,595).

    A scheme of incentive based on (i) ordinary profits earned and (ii) extra ordinary profit due to sale of assets is applicable to the Chief Executive Officer.

11. The Board has approved Directors' remuneration of RO.18,250 for the year 2006-07 which is subject to approval of the company's shareholders at the Annual General Meeting to be held in June 30, 2007.

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. The gap between Board meeting no. 3/200-07 and Board meeting no. 4/2006-07 is exceeding 4 months, which is not in compliant with the requirements of Article 4 of corporate governance regulations to conduct board meetings at intervals not exceeding four months.

Report on Corporate Governance (contd.)

for the financial year ending March 31, 2007

13. **Market price data:** Effective from **July** 2006, the face value of the share is changed to RO.0.100 from RO 1 per share. The monthly high and low share price of the company during the financial year ended 31st March 2007 was

Month	High – RO	Low – RO
April 2006	1.500	1.203
May 2006	1.280	1.255
June 2006	1.290	1.150
July 2006	0.146	0.115
August 2006	0.149	0.117
September 2006	0.154	0.144
October 2006	0.165	0.145
November 2006	0.160	0.145
December 2006	0.158	0.145
January 2007	0.164	0.146
February 2007	0.159	0.145
March 2007	0.159	0.150

14. **Distribution of Shareholders and their share holding pattern as on 31st March 2007 is given below**

Distribution	No. of shares	No. of Share holders	% on total shares
1 to 5,000	531,744	244	0.69%
5,001 to 10,000	828,230	97	1.08%
10,001 to 20,000	1,283,433	81	1.67%
20,001 to 50,000	2,668,437	78	3.46%
Above 50,000	71,688,156	73	93.10%
Total	77,000,000	573	100.00%

Report on Corporate Governance (contd.)

for the financial year ending March 31, 2007

The Company does not have any foreign GDRs / ADRs / 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:**
The Oman branch of Moore Stephens commenced practice in 1988. Over the years, the practice has developed considerably and now services a number of clients, including major listed companies, Groups, Government organisations and Ministries providing either audit, tax or management consultancy services. The local staff strength is around 30, most of whom are qualified Chartered Accountants, Internal Auditors and information systems auditors.

Since More Stephens London was founded 100 years ago, the Moore Stephens International Limited network has grown to be one of the 12 largest international accounting and consulting groups worldwide. More Stephens International is regarded as one of the world's major accounting and consulting networks consisting of 335 independent firms with 593 offices and over 17,000 people across 93 countries.

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 Annexure 1 & 4 of the Code.

Masoud Humaid Al Harthy
Chairman

Management Discussion and Analysis (MD&A) Report

Industry Structure and Development:

Al Anwar Holdings SAOG is a publicly traded joint stock company registered in the Sultanate of Oman. The Company was incorporated on 20th December 1994. The primary business activity of the company is investments, equity participation in new and existing industrial and services companies in various sectors of the economy. The company began as a powerful catalyst in business development of the country. As per the demand of the national economy, the initial focus of the company was on industrial sector. Al Anwar has many firsts to its credit. Manufacture of glazed ceramic tiles, glass bottles, aluminum extrusions, power switchgears and transformers, flexible packaging, largest paint manufacturing in Oman, largest manufacturer of industrial abrasives and obtaining quality certifications of ISO 9001 and 9002 for all its industrial ventures.

The Board was successful in installing a new management team during the current year under the stewardship of Mr. Krishna Kumar Gupta as Chief Executive Officer of the company. The new management team on the advice of the Board took some immediate steps that could be summarized as under:

1. Made a thorough and in-depth review of all investments. Categorizing them into investments: (i) held for long and are now matured for divestment for good returns, (ii) matured for floatation in the stock market for value enhancement and unlocking of value, (iii) strategic investments in insurance and financial services sector required further increasing of stake, (iv)that required infusion of fresh funds for further expansion, including joint venture, for up-streams or down-stream projects for sustainable long term growth and (v) that required project implementation and further nurturing for some time to come.
2. Brain storming for formalizing the 'Vision' and 'Mission' for the group.
3. Formulating, getting approval of the Board and putting into motion a future five year strategic plan for the company.
4. Devising, getting Board approval and implementing a clear cut investment policy and procedures with investment objectives, investment strategies, asset allocation, tenure and size of investments, exit, financial and operational authorities, identification of growth industries and risk mitigation.
5. Creation of a trading portfolio of liquid investments for regular stream of income to take care of regular expenditures.
6. Scouting and sourcing for new investments that fit into the investment policy approved.

The management made some quick actions such as:

1. Sourcing of a technology cum strategic partner for an investment for which earlier technology collaboration had broken and the investment was drifting. The timely sourcing, negotiating and concluding the deal that turned out to be a 'win-win' deal for the foreign technology cum strategic partner to whom controlling stake of 60% was divested. The divestment also resulted in cash inflow for better liquidity and booking investment profits.

2. Identification of prospective buyers for investments that reached maturity and that could be sold at a reasonable profit. Two of such investments were kept on block. A minimum sale value for each of these divestments was worked out through scientific valuation methods that were also vetted by the Investment Bank appointed as the placement agent. One of the investments was sold at much higher price to the minimum threshold by effective negotiation. For the second one, some waiting for getting better price than the minimum threshold turned out to be very useful and divestment was made subsequent to the balance sheet date.

Management Discussion and Analysis (MD&A) Report (contd.)

3. Inviting management of each investee company for making presentation and having discussions on the growth plans of their respective companies in order to assess the quality of the management and evaluating the sustainable growth plans.

4. Making a strong representation on all the investee company by joining their Boards and also becoming member of the sub-committees.

5. Close monitoring of the operating performance of the investee companies and strong follow up of the pending issues especially on the inventory management, working capital management, receivables control and risk management.

6. Identifying investment opportunities in Saudi Arabia in conformity to our present investment policy of primary focus on financial services sector.

7. Obtaining an in-principal approval from CMA for setting up a financial services company in Oman.

Investment Portfolio:

The Investments made by Al Anwar in various companies are elaborately explained in Directors' Report as well as disclosed in Note No. 5 of the Financial Statements.

Opportunities:

Broadly the company has opportunities from:

1. Growing economies, local, regional and global,
2. Present portfolio of investments could be leveraged for entering into new growth sectors such as insurance and financial services and
3. Entering of new markets is easier due to reasonable size of present net-worth.

Existing Investments:

Most of the industrial investments were held for longer period and are matured in their current operations. The investee companies are enhancing their capacity and also expanding their product-range to meet the Oman & GCC markets. Efforts to diversify the customer base have already started yielding results.

New Investments:

1. Taageer Finance Company SAOG: In line with realignment of business focus from Industrial to service sector the company has invested considerable amount in acquisition of Taageer Finance company shares. Considering the Oman's economic development and prosperous infra structure activities in the region the finance services is poised to grow rapidly. Al Anwar shall make use of every opportunity to the best to reap the benefits.

2. Falcon Insurance Company SAOG: Insurance being our strategic investment, stake holding in Falcon Insurance Co. SAOC will be increased in the coming few years to 51% as approved by the Board.

3. Other Investments: An investment of participating in the equity capital to the tune of 25% in the total equity of SR 200 million in a financial services company in Saudi Arabia has already been approved.

Management Discussion and Analysis (MD&A) Report (contd.)

Fund Mobilisation

The Financial Markets and Banks have been buoyant based on the improved economic performance in the GCC region and the continued good outlook for many of the Companies. Our Company has been able to leverage this momentum – for self and its investee Companies, by promoting new projects and seeking shareholder/ banker participation in the same. Company has mobilized RO 2.70 million from Shareholders in April 2006, via a Rights Issue. This would strengthen the liquidity and enhance the strength of Al Anwar Holdings portfolio. Al Anwar is continuously scouting for sound projects, which will improve the overall yield on investments.

Further mobilization of resources during the FY 2007-08 by leveraging its asset base, divestments and mezzanine debts would be explored.

Geographic Dispersion

The company has created the critical mass and has improved its net-worth over the years. Emerging markets of GCC countries and Asia are offering huge current opportunities of relatively low risk high returns. The geographic dispersal of investments is also good from the point of view of diversification of risk.

Outlook:

The quick initiatives taken by the management have given desired results that are evident from the record profit and overall improvement in the financial position of the company along-with that of group companies.

The long term actions such as finalization of Vision and Mission statements have laid a clear cut path for the management to march ahead and achieve newer milestones in years to come. The strategic business plan, clear cut investment policy and procedures, asset allocation, geographic diversification and effective risk management are expected to help in a gradual and sustainable growth for the company.

The management is fully committed to be a strong custodian of the wealth of the company and to enhance it further and to provide higher than market returns and satisfaction to its shareholders and other stakeholders on consistent basis.

Risk and Threats:

By and large, the risks and threats to which the investee companies are exposed form a threat to Al Anwar. Broadly, the risks take the form of increasing costs/ decreasing margins, competition from other sources of supply and shifts in customer preference for other solutions.

1. **Increasing raw material prices:** and the difficulty in shifting the cost burdern to the customer, pose a threat to the revenues of the investee companies, which in turn affect the revenues of Al Anwar. However proper strategies were drawn to overcome this threat and the company optimistic to tide over this situation in a successful manner.

2. **Competition from GCC as well as international region:** results in the drastic fall in revenues/ profits of investee companies, which in turn affects the revenues/ profits of Al Anwar. This threat being unavoidable, the investee companies could reduce this threat by delivering quality product and service.
3. **Product Shifts:** Investment in Industrial units consists of investing in capital assets like Plant & Machinery,

Management Discussion and Analysis (MD&A) Report (contd.)

technology – the benefits of which can be recovered over a long-term. Shifts in product preference due to various reasons such as technological changes, new product substitutes, etc results in the viability of the project/ unit being affected. The management is carefully watching the technological development and shall take advantage of the same at every opportunity available.

4. **Long Gestation Period:** A major challenge in the investments in industrial ventures is the relatively long gestation periods, which affects the performance of the parent company. Al Anwar has chosen to deal with this issue by investing in a portfolio, where the diversity reduces the impact. It is also into making a conscious effort in expanding capacities in product markets where the Investee Company has expertise, which also goes to reducing the risks. Al Anwar thus continuously assesses and manages the medium term strategies and monitors the performance of the investee companies and projects, against the medium-term plans.

With the policy shift of managing investments rather than companies, the aforementioned lists are minimized to a great extend as all industrial investments shall be monitored periodically on its relative position in the economy and income generation capabilities in the long run. Wherever, an investment fails the acid test of its continuance in the investment basket, all efforts would be made to find alternate solutions.

Threats that the management foresee are:

1. In oil based economy like ours, the fall in oil prices may change the local and regional economic scenario,
2. Over exposure of investments in the manufacturing sector poses a threat of cyclic nature of the industry.

The management has already obtained Board approval for the following actions to mitigate or reduce the impact of various threats like:

1. geographic dispersal of investment portfolio to countries that are not oil dependent,
2. preparing for competition by creating a niche in the insurance sector and
3. re-aligning the investment portfolio with major focus on financial services sector. Investment policy approved lays down that each company, industry, group, country or region will have limited exposure.

Analysis of segment-wise performance:

The company has analysed its performance as Industrial segment and Investment Segment. Industrial segment reflects the performance of the investee companies and Investment segment accounts for the transactions concerning the parent company. A detailed analysis is provided in Schedule – I under notes to accounts.

Internal control systems and their adequacy:

The Company has adequate internal controls commensurate with the size and nature of operations. A financial manual of authorities approved by the Board is in place, which specifies authority levels for various day to day operations.

Management Discussion and Analysis (MD&A) Report (contd.)

Discussions on financial and operational performance:

The Company has posted a net profit of RO 2,185,000 in the current year as against the profit of RO 394,000 last year registering a record growth of 455%. 41% of the net profit has come from sale of investments. Profit on sale of investment has increased to RO 895,000 from RO 296,000 clocking a growth of 202%. The performance of all the investee companies was satisfactory during the year 2006-07. Subsidiaries income increased to RO 36.075 million from RO 11.93 million in the previous year. The main reason is consolidation of Napco financials for the first time since it attained the status of Subsidiary during the year 2006-07, whereas during the previous years it was categorized as Associate. The financials of Al Anwar & Blank Company SAOC is not consolidated during the year 2006-07 due to changing of its status from Subsidiary to Associate.

The realized gains from sale of investments are mainly due to disposal of entire holdings in Oman Abrasives LLC and sale of 60% stake in Al Anwar Blank Company SAOC. These transactions have resulted in a profit of RO 895,000.

The parent company's loan outstanding amounts to RO 1,399,000, mostly drawn for making fresh investments. Further new financing pattern were developed, keeping in mind of the investment strategy which would cater to the overall development of Al Anwar Holdings. The Company has received significant support from its Bankers, for itself and its Investee Companies. Al Anwar continues to enjoy a good credit-worthy relationship with them.

During the year there has been a significant investment in new projects - in Insurance and the Ceramic Sector, as well as into Subsidiaries. The implementation effort for many of these has begun. These being medium-term to long-term investments, the Company expects to get good returns from them in the coming years.

Al Anwar's endeavor is to enhance the returns from investee companies, make investments in projects with low gestation period and evolve strategies to improve the existing yield on investments.

Krishna Kumar Gupta
Chief Executive Officer

MOORE STEPHENS
CHARTERED ACCOUNTANTS

P.O. Box 933, Ruwi
Postal Code 112
Sultanate of Oman
Tel : 24812041
Fax : 24812043
E-mail : stephens@omantel.net.om

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES

We have audited the accompanying financial statements of Al Anwar Holdings SAOG ("the Parent Company") and the consolidated financial statements of Al Anwar Holdings SAOG and its subsidiaries ("the Group") as at 31 March 2007 which comprise the balance sheets as at 31 March 2007, the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements set out on pages 25 to 55 are the responsibility of the Parent Company's Board of Directors.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors of the Parent Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Parent Company's and the Group's financial statements present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 March 2007 and the results of the operations of the Parent Company and the Group and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Regulatory Requirements

The Parent Company's and the Group's financial statements also comply, in all material respects, with the relevant requirements of the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended) and the relevant disclosure requirements for public joint stock companies issued by the Capital Market Authority.

13 June 2007

P.O. Box : 933, P.Code 112
Ruwi, Sultanate of Oman
MOORE STEPHENS

Moore Stephens

Balance Sheet

at 31 March 2007

	Note	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	9,188	25	3,077	16
Intangible assets	4	1,575	–	179	–
Investments	5 d)	4,171	10,391	6,738	8,717
Total non – current assets		14,934	10,416	9,994	8,733
Current assets					
Investments	5 d)	246	243	265	79
Investment property	6	35	–	–	–
Inventories	7	7,774	–	2,722	–
Accounts and other receivables	8	13,817	517	4,346	260
Bank balances and cash	9	2,432	1,345	263	253
Total current assets		24,304	2,105	7,596	592
Total assets		**39,238**	**12,521**	**17,590**	**9,325**
SHAREHOLDERS' FUNDS AND LIABILITIES					
Shareholders' equity					
Share capital	10 a)	7,700	7,700	5,000	5,000
Legal reserve	10 b)	1,050	811	735	684
Retained earnings		2,627	2,301	1,160	1,548
Fair value reserve	10 c)	11	–	(5)	–
Shareholders' interest attributable to Shareholders of Parent Company		11,388	10,812	6,890	7,232
Minority Interest	11	4,357	–	1,212	–
Total shareholders' equity and minority interest		15,745	10,812	8,102	7,232
Liabilities					
Non-current liabilities					
Term loans	12	1,672	687	1,321	400
Deferred tax liability	21	206	–	27	–
Employees' end of service benefits	23 b)	277	1	100	4
Total non – current liabilities		2,155	688	1,448	404
Current liabilities					
Bank borrowings	14	5,538	–	3,223	–
Term loans	12	1,145	712	1,905	1,669
Accounts and other payables	13	14,411	309	2,842	20
Taxation	21	244	–	70	–
Total current liabilities		21,338	1,021	8,040	1,689
Total liabilities		23,493	1,709	9,488	2,093
Total Shareholders' funds and liabilities		**39,238**	**12,521**	**17,590**	**9,325**
Net assets per share (in Baisas)	15	**148**	**140**	**138**	**145**

These financial statements were authorised for issue and approved by the Board of Directors on 12 June 2007 and were signed on their behalf by:

Chairman

Director

The attached notes 1 to 30 form part of these financial statements.

Statement of Income and Statement of Basic Earning and Dividend per Share

for the year ended 31 March 2007

		Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
INCOME					
Operating income	2 p)	36,075	-	11,928	-
Dividend income	2 c)	143	574	133	449
Other income	18	363	186	158	65
		36,581	760	12,219	514
Operating expenses		(33,528)	(208)	(11,292)	(130)
Gross operating profit		3,053	552	927	384
Finance charges		(643)	(74)	(381)	(75)
Share of profits in the results of associates	5 m)	103	-	(19)	-
Profit on disposal of investments	20	895	826	296	296
Other expenses	19	(39)	(39)	(180)	(107)
Profit before tax		3,369	1,265	643	498
Taxation	21	(272)	-	(65)	-
		3,097	1,265	578	498
Minority interest	11	(930)	-	(184)	-
Net profit for the year		**2,167**	**1,265**	**394**	**498**
Basic earnings per share (in Baisas)	16	**30**	**17**	**8**	**10**
Dividend per share (in Baisas)	17 b)	**20**	**20**	**5**	**5**

The attached notes 1 to 30 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2007

Group

	Share capital RO'000 [note 10 a)]	Legal reserve RO'000 [note 10 b)]	Retained earnings RO'000	Fair value reserve RO '000 [note 10 c)]	Total RO'000
At 31 March 2005	5,000	705	1,171	–	6,876
Net profit for the year	–	–	394	–	394
Transfer to legal reserve	–	30	(30)	–	–
Dividend paid during the year	–	–	(375)	–	(375)
Share of fair value reserve in an associate recognised during the year	–	–	–	(5)	(5)
At 31 March 2006	5,000	735	1,160	(5)	6,890
At 31 March 2006	5,000	735	1,160	(5)	6,890
Additional capital introduced through rights issue	2,700	–	–	–	2,700
Net profit for the year	–	–	2,167	–	2,167
Transfer to legal reserve	–	315	(315)	–	–
Dividend paid during the year [note 17 a)]	–	–	(385)	–	(385)
Share of fair value reserve in associates and subsidiary recognised during the year	–	–	–	16	16
At 31 March 2007	7,700	1,050	2,627	11	11,388

The attached notes 1 to 30 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2007

Parent Company

	Share capital RO'000 [note 10 a)]	Legal reserve RO'000 [note 10 b)]	Retained earnings RO'000	Total RO'000
At 31 March 2005	5,000	634	1,475	7,109
Net profit for the year	–	–	498	498
Transfer to legal reserve	–	50	(50)	–
Dividend paid during the year	–	–	(375)	(375)
At 31 March 2006	5,000	684	1,548	7,232
At 31 March 2006	5,000	684	1,548	7,232
Additional capital introduced through rights issue	2,700	–	–	2,700
Net profit for the year	–	–	1,265	1,265
Transfer to legal reserve	–	127	(127)	–
Dividend paid during the year [note 17 a)]	–	–	(385)	(385)
At 31 March 2007	7,700	811	2,301	10,812

The attached notes 1 to 30 form part of these financial statements

Cash Flow Statement

for the year ended 31 March 2007

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Dividend income and cash receipts from sales	31,814	674	11,497	799
Cash paid towards operating and other expenses	(28,579)	(164)	(11,093)	(309)
Cash generated from operations	3,235	510	404	490
Finance charges	(656)	(83)	(376)	(87)
Taxation	(70)	--	(43)	--
Net cash generated from / (used in) operating activities	2,509	427	(15)	403
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of plant and equipment	(2,538)	(12)	(577)	(7)
Disposal of plant and equipment	27	--	6	--
Additions to intangible asset	--	--	(14)	--
Proceeds from disposal of investments	1,001	1,001	810	660
Purchase of investments by Parent Company	(1,968)	(1,968)	(2,643)	(2,830)
Net cash used in investing activities	(3,478)	(979)	(2,418)	(2,177)
CASH FLOWS FROM FINANCING ACTIVITIES				
Additional capital introduced and movement in current account	2,700	2,700	75	--
Net movement in current account of a subsidiary	538	--	--	--
Dividend to minority shareholders of a subsidiary	(114)	--	(75)	--
Dividend by Parent Company	(385)	(385)	(375)	(375)
Net movement in term loans	(1,114)	(671)	1,575	1,812
Net movement in bank borrowings	1,210	--	901	--
Net cash generated from financing activities	2,835	1,644	2,101	1,437
Increase / (decrease) in cash and cash equivalents during the year	1,866	1,092	(332)	(337)
Cash and cash equivalents at the beginning of the year	263	253	595	590
Arising on account of acquisition and disposal of stake in subsidiaries	303	--	--	--
Cash and cash equivalents [note 2 j)] at the end of the year	**2,432**	**1,345**	**263**	**253**

The attached notes 1 to 30 form part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2007

1 **LEGAL STATUS AND PRINCIPAL ACTIVITIES**

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

2 **SIGNIFICANT ACCOUNTING POLICIES**

Basis of preparation

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

In the current year, the Group has adopted all applicable new and revised Standards and Interpretations issued by IASB and the IFRIC that are effective for accounting periods beginning on or after 1 January 2006.

Certain new standards and amendments to existing standards have been published that are effective and mandatory for accounting periods commencing 1 January 2007 and thereafter, which the Parent Company's Board of Directors have decided to adopt from the applicable accounting period. Those standards and amendments relevant to the Group's and Parent Company's operations are as follows:

- IFRS 7 'Financial Instruments: Disclosures' requires the disclosure of the significance of financial instruments for an entity's financial position and performance. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.
- Amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosure' requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.
- IFRS 8 Operating segments, which becomes effective for periods commencing on or after 1 January 2009. The new standard may require changes in the way the Group discloses information about its operating segments.

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

a) **Basis of accounting**
The financial statements have been prepared under the historical cost convention, except that investments at fair value through profit or loss, investments available for sale and investment property are stated at their fair values and the held-to-maturity investments and Government soft loans are stated at amortised cost.

b) **Basis of consolidation**
The consolidated balance sheet incorporates the assets and liabilities of the Parent and it's subsidiaries. All significant inter-company balances, transactions, income and expenses have been eliminated on consolidation.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains or losses arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

c) Investments

Subsidiary

A subsidiary is a company in which the Group exercises control. The financial statements of the subsidiaries are included in the consolidated financial statements. In the Parent Company's separate financial statements, the investments in subsidiaries are carried at cost. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Associate

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

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis. The investment in associates are carried at cost in the Parent Company's separate financial statements as per the requirements of IAS 28 'Investment in associates'.

Investments held to maturity

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

Investments at fair value through profit or loss

Investments at fair value through profit or loss are held for trading investments which are acquired with the intention of short term profit making. They are remeasured at fair value after initial recognition. Gains and losses on remeasurement are reported in the income statement.

Investments available for sale

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

Fair value measurement

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

Dividend income

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

Gain on disposal of investments

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

d) Intangible assets

Goodwill

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

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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

e) Leases

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

f) Property, plant and equipment

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

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

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

Capital work in progress is not depreciated.

g) Investment properties

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

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

h) Inventories

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

i) Accounts and other receivables

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

j) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consists of cash and bank balances with maturity of three months from the balance sheet date. Bank borrowings, which were earlier classified under cash and cash equivalents have now been considered under financing activities in the cash flow statement.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

k) Impairment

Financial assets

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

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

Non financial assets

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

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

l) Employees' end of service benefits

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

m) Provisions

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

n) Accounts payable and accruals

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

o) Government term loans and deferred income

Carrying values

The carrying values of the interest free and low interest Government term loans (see note 12 to the financial statements) are determined as the present values of the loans adopting the interest rates that reflect the current cost of similar borrowing on similar loan terms from a commercial bank.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

Finance charge

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

Deferred income

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

p) Operating income

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

q) Finance charges

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

r) Taxation

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

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

s) Foreign currencies

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

t) Segment reporting

A segment is a distinguishable component of the Group engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments.

u) Derivative financial instruments

The Group uses:

- futures commodity contracts to hedge its risk associated with fluctuations in metal prices relating to future sales to customers for which the company has firm commitments; and
- forward foreign exchange contracts to hedge its risk associated primarily with foreign currency fluctuations relating to purchases of inventory from overseas suppliers.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

These derivative financial instruments are initially recognised at fair value on the date on which a contract is entered into and are subsequently remeasured at fair value. These are carried as assets included under 'trade and other receivables' when the fair value is positive and as liabilities included under 'trade and other payables' when the fair value is negative.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the income statement for the period.

Hedges which meet the strict criteria for hedge accounting are accounted as follows:

Fair value hedges
The changes in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is recognised in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement. The change in fair value of a hedging derivative is recognised in the income statement.

Cash flow hedge
These are included in the balance sheet at fair value and any resultant gain or loss is recognised in the statement of changes in equity and subsequently adjusted against the value of inventory. The fair values of forward foreign exchange contracts are included in "accounts and other receivables" in case of favourable contracts and "accounts and other payables" in case of unfavourable contracts.

v) Dividend

The Board of Directors recommend to the shareholders the dividend to be paid out of Parent Company's profits. The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the dividend.

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

w) Directors' remuneration (including meeting attendance fees)

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

x) Estimates and judgements

In preparing the consolidated financial statements, the Board of Directors is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgement based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates. The Board of Directors test annually whether goodwill, investments in subsidiaries, associates and other financial assets have suffered any impairment in accordance with IAS 36, 'Impairment of Assets' which require the use of estimates.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

3 PROPERTY, PLANT AND EQUIPMENT

Group 2007

	Buildings on leasehold land RO'000	Plant, machinery and equipment RO'000	Motor vehicles RO'000	Furniture and fixtures RO'000	Capital work in progress RO'000	Total RO'000
Cost						
At 31 March 2006	1,138	3,818	154	460	7	5,577
Arising on acquisition of subsidiary	2,053	11,637	74	615	9	14,388
Arising on disposal of subsidiary	(275)	(438)	(10)	(27)	–	(750)
Additions during the year	102	1,442	77	140	795	2,556
Disposals / transfers during the year	–	(69)	(43)	(24)	(9)	(145)
At 31 March 2007	3,018	16,390	252	1,164	802	21,626
Depreciation						
At 31 March 2006	409	1,621	108	362	–	2,500
Arising on acquisition of subsidiary	1,391	6,899	47	498	–	8,835
Arising on disposal of subsidiary	(76)	(202)	(2)	(23)	–	(303)
Charge for the year	149	1,208	34	88	–	1,479
Relating to disposals	–	(26)	(34)	(13)	–	(73)
At 31 March 2007	1,873	9,500	153	912	–	12,438
Net book value						
At 31 March 2007	1,145	6,890	99	252	802	9,188
At 31 March 2006	729	2,197	46	98	7	3,077

Group 2006

	Buildings on leasehold land RO'000	Plant, machinery and equipment RO'000	Motor vehicles RO'000	Furniture and fixtures RO'000	Capital work in progress RO'000	Total RO'000
Cost						
At 31 March 2005	1,065	2,966	147	420	440	5,038
Additions during the year	73	405	11	40	18	547
Disposals during the year	–	(4)	(4)	–	–	(8)
Transfers during the year	–	451	–	–	(451)	–
At 31 March 2006	1,138	3,818	154	460	7	5,577
Depreciation						
At 31 March 2005	352	1,295	91	324	–	2,062
Charge for the year	57	327	21	38	–	443
Relating to disposals	–	(1)	(4)	–	–	(5)
At 31 March 2006	409	1,621	108	362	–	2,500
Net book value						
At 31 March 2006	729	2,197	46	98	7	3,077
At 31 March 2005	713	1,671	56	96	440	2,976

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

3 PROPERTY, PLANT AND EQUIPMENT (contd.)

Parent Company 2007

	Motor vehicles RO'000	Furniture and fixtures RO'000	Total RO'000
		Cost	
Cost			
At 31 March 2006	21	67	88
Additions during the year	19	3	22
Disposals during the year	(11)	(1)	(12)
At 31 March 2007	29	69	98
Depreciation			
At 31 March 2006	8	64	72
Charge for the year	3	3	6
Relating to disposals	(4)	(1)	(5)
At 31 March 2007	7	66	73
Net book values			
At 31 March 2007	22	3	25
At 31 March 2006	13	3	16

Parent Company 2006

	Motor vehicles RO'000	Furniture and fixtures RO'000	Total RO'000
Cost			
At 31 March 2005	15	66	81
Additions during the year	6	1	7
At 31 March 2006	21	67	88
Depreciation			
At 31 March 2005	4	62	66
Charge for the year	4	2	6
At 31 March 2006	8	64	72
Net book values			
At 31 March 2006	13	3	16
At 31 March 2005	11	4	15

The following further notes apply:

a) Some of the factory buildings in the Group are constructed on land leased from the Public Establishment for Industrial Estates (Nizwa and Rusayl Industrial Estates).

b) Certain of the property, plant and equipment relating to the subsidiaries are mortgaged as security for the term loans referred to in note 12 to the financial statements.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

4 INTANGIBLE ASSETS

Group 2007

	Goodwill on consolidation of subsidiaries RO'000	Technical know-how fees RO'000	Total RO'000
Cost			
At 31 March 2006	423	96	519
Additions during the year [refer note 5 a)]	1,396	–	1,396
Disposals during the year	–	(96)	(96)
At 31 March 2007	1,819	–	1,819
Accumulated impairment loss / amortisation			
At 31 March 2006	244	96	340
Relating to disposals	–	(96)	(96)
At 31 March 2007	244	–	244
Net book values			
At 31 March 2007	1,575	–	1,575
At 31 March 2006	179	–	179

Group 2006

	Goodwill on consolidation of subsidiaries RO'000	Technical know-how fees RO'000	Total RO'000
Cost			
At 31 March 2005	374	82	456
Additions during the year	49	14	63
At 31 March 2006	423	96	519
Accumulated impairment loss / amortisation			
At 31 March 2005	244	66	310
Recognised during the year	–	30	30
At 31 March 2006	244	96	340
Net book values			
At 31 March 2006	179	–	179
At 31 March 2005	130	16	146

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

5 INVESTMENTS

Investments in subsidiaries, associates and investments at fair value through profit or loss represent companies registered in the Sultanate of Oman and Kuwait having financial reporting periods that end on 31 December. They are as follows:-

	Ownership interest 2007 %	Ownership interest 2006 %	Status
Subsidiaries			
Voltamp Manufacturing Company LLC and its Subsidiary ("VMC")	57.42	57.42	Unquoted
Al Ahlia International LLC ("AAI")	70.00	70.00	Unquoted
Al Anwar Blank Company SAOC ("AABCO")	–	57.00	Unquoted
Al Anwar Computer Services LLC ("AACS")	100.00	100.00	Unquoted
Sun Packaging Company LLC ("SPC")	62.50	62.50	Unquoted
National Aluminium Products Company SAOG ("NAPCO")	51.00	–	Quoted

	Ownership interest 2007 %	Ownership interest 2006 %	Status
Associates			
National Aluminium Products Company SAOG ("NAPCO")	–	34.83	Quoted
Oman Drilling Mud Products Company LLC ("ODMP")	22.67	22.67	Unquoted
Falcon Insurance Company SAOC ("FIC")	32.41	27.78	Unquoted
Al Maha Ceramics Company SAOC ("AMCC")	32.00	32.00	Unquoted
Al Anwar Blank Company SAOC ("AABCO")	40.00	–	Unquoted
Investments at fair value through profit or loss			
Oman Abrasives LLC ("OA")	–	19.00	Unquoted
Computer Stationery Industry SAOG ("CSI")	0.11	0.11	Quoted
Taageer Finance Company SAOG	6.33	–	Quoted
Al Ritaj Investment Company, Kuwait	0.40	–	Unquoted

The following further notes apply:

a) During the year, the Parent Company increased its shareholding in the associate, NAPCO from 34.83% to 51% and has accordingly become a subsidiary during the year. The proportion of assets and liabilities acquired and the resultant goodwill arising is shown below:

	RO'000
Non-current assets	2,860
Current assets	3,189
Non-current liabilities	(457)
Current liabilities	(3,066)
Net assets acquired	2,526
Cost	(3,922)
Goodwill (note 4)	(1,396)

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

5 INVESTMENTS (contd.)

The period from which the transactions of NAPCO have been consolidated was based on a decision to acquire a controlling interest in NAPCO that was reflected initially by controlling the composition of the Board of Directors and ultimately by acquiring a 51% shareholding.

The Parent Company's Board of Directors believe that the carrying values of NAPCO's assets and liabilities on the date of acquisition approximate to their fair values and accordingly no fair value adjustments are required to the acquired assets and liabilities in accordance with IFRS 3 'Business Combinations'.

Furthermore, the Board of Directors do not consider that NAPCO had any intangible assets that qualify for recognition under IAS 38 'Intangible assets' at the acquisition date. Therefore the excess of the purchase consideration over the Parent Company's share in the net fair value of NAPCO's identifiable assets and liabilities amounting to RO 1.396 million approximately has been treated as goodwill.

b) Al Ahlia International LLC, a subsidiary, ceased operations at 31 December 1999. The carrying value of the investment had been fully written off in the year 2000. In addition, the Parent Company had established provision for all its liabilities. The subsidiary's financial statements have not been consolidated since March 2001.

c) On 3 July 2002, the Board of Directors of the Parent Company entered into an agreement for transferring it's 60% interest in Sun Plastics Company LLC to the minority shareholder. Upto the date of approval of these financial statements, the formal transfer of shares to the minority shareholder has not taken place and the Board of Directors now believe that the transfer will be completed during the year ending 31 March 2008. Pursuant to the agreement, the Parent Company no longer exercises control over Sun Plastics Company LLC and accordingly the subsidiary has been excluded from consolidation from March 2004.

d) The Group's investments comprise:

Group

			2007			2006
	Quoted RO'000	Unquoted RO'000	Total RO'000	Quoted RO'000	Unquoted RO'000	Total RO'000
Non-current assets						
Associates	–	3,120	3,120	3,107	2,649	5,756
Available for sale	57	–	57	–	–	–
Investments at fair value through profit or loss	855	139	994	182	800	982
Carrying values	912	3,259	4,171	3,289	3,449	6,738
Current assets						
Associates	–	166	166	–	–	–
Held to maturity	76	–	76	97	123	220
Investments at fair value through profit or loss	4	–	4	45	–	45
Carrying values	80	166	246	142	123	265
Total carrying values	992	3,425	4,417	3,431	3,572	7,003
Market values						
- Associates	–			1,714		
- Available for sale	57			–		
- Others	935			324		
	992			2,038		

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

5 **INVESTMENTS (contd.)**

The Parent Company's investments comprise:

Parent Company

	Quoted RO'000	Unquoted RO'000	2007 Total RO'000	Quoted RO'000	Unquoted RO'000	2006 Total RO'000
Non-current assets						
Subsidiaries	4,477	1,655	6,132	–	1,913	1,913
Associates	–	3,265	3,265	3,349	2,655	6,004
Investments at fair value through profit or loss	855	139	994	–	800	800
Carrying values	5,332	5,059	10,391	3,349	5,368	8,717
Current assets						
Associates	–	166	166	–	–	–
Held to maturity	76	–	76	76	–	76
Investments at fair value through profit or loss	1	–	1	3	–	3
Carrying values	77	166	243	79	–	79
Total carrying values	5,409	5,225	10,634	3,428	5,368	8,796
Market values						
- Subsidiaries	4,794			–		
- Associates	–			1,714		
- Others	932			79		
	5,726			1,793		

e) The Group's quoted investments are listed on the Muscat Securities Market and 86% of the investments fall within the financial and investment sector (2006 - 91% was under industrial and manufacturing sector classification).

f) The Parent Company has sold its 19% ownership in OA, at a net consideration of RO 1,443,285 resulting in a profit of RO 643,285 on disposal of the investment (note 20).

g) During the year, the Parent Company increased its shareholding in FIC, an associate from 27.78% to 32.41%. The carrying value of the investment at the balance sheet date amounted to RO 1.886 million (2006 – RO 1.509 million) in the Parent Company's financial statements and RO 1.954 million (2006 – RO 1.504 million) in the Group's financial statements.

h) Included in unquoted associates is an investment made by the Parent Company during the previous year in AMCC, to establish a new ceramic tile manufacturing facility in Oman. The associate is expected to commence its operations by June 2007. The carrying value of the investment at the balance sheet date amounted to RO 979,200 (2006 – RO 979,200) in the Parent Company's financial statements and RO 970,809 (2006 – RO 979,200) in the Group's financial statements. In accordance with an agreement to provide management services to AMCC for a fee, the Parent Company is required to maintain its shareholding in the associate at a minimum 20%.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

5 INVESTMENTS (contd.)

i) During the year, the Parent Company acquired additional 40% ownership in AABCO for a total consideration of RO 1 from a minority shareholder which increased the shareholding from 57% to 97%. The Parent Company also acquired the remaining 3% stake from another minority shareholder at a net consideration of RO 30,000. The Parent Company disposed 60% of its ownership at a net consideration of RO 383,052 which resulted in a profit of RO 182,396 on disposal (note 20) and accordingly AABCO ceased to be a subsidiary.

j) Subsequent to the balance sheet date, the Parent Company has accepted an offer for selling its entire 22.67% ownership in ODMP for a consideration of RO 750,000 and the investment has accordingly been classified under current assets. The offer will be subject to the rules and regulations governing the shareholdings in limited liability companies as per the Commercial Companies law, 1974 (as amended).

k) Investments in subsidiaries and associates having a total carrying value of RO 1 (2005 - RO 1) are registered in the name of a related party for and on behalf of the Parent Company.

l) The results of associates for financial reporting periods that end on 31 December are summarised as follows:

	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		Assets		Liabilities		Revenue
	2006	2005	2006	2005	2006	2005
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
ODMP	1,260	1,208	415	363	2,154	1,948
FIC	11,526	7,413	5,886	1,996	6,755	2,545
AMCC	3,239	–	265	–	213	–
AABCO	830	945	335	362	332	373

m) Share of profits in associates for the Group is as follows:

	Group 2007 RO'000	Group 2006 RO'000
NAPCO	–	(78)
ODMP	91	80
FIC	54	(21)
AABCO	(35)	–
AMCC	(7)	–
	103	(19)

n) Details of quoted investments in which the market value exceeds 10% of the market value of the Company's overall quoted marketable investment portfolio as at the balance sheet date are as follows:

	Percentage of the overall portfolio	number of securities	Market value RO'000	Carrying value RO'000
NAPCO	83.68%	17,119,870	4,793	4,095

o) Included in other investments is a 10% ownership of Al Anwar Telephone Services LLC which is under voluntary liquidation. As the Company had not undertaken any commercial activities, the Parent Company was not called on to contribute capital.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

6 INVESTMENT PROPERTY

Investment property represents land held for sale by a subsidiary company. The land is stated at its fair value at RO 35,000, which has been determined based on a valuation undertaken by a professional valuer.

7 INVENTORIES

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Raw materials	5,608	–	2,573	–
Work in progress	1,444	–	132	–
Finished goods	857	–	177	–
Less : Provision for inventories	(135)	–	(160)	–
	7,774	–	2,722	–

The following further notes apply:

a) Finished goods at the balance sheet date represent 9 days average sales (2006 – 5 days).
b) Movement in the provision for inventories is as follows:

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
At the beginning of the year	160	–	138	–
Arising on acquisition of subsidiary	21	–	–	–
Provided during the year	15	–	50	–
Released to the statement of income	(61)	–	(28)	–
At the end of the year	135	–	160	–

8 ACCOUNTS AND OTHER RECEIVABLES

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Accounts receivables	12,677	–	4,079	–
Impairment provisions on accounts receivable [see note a)]	(156)	–	(123)	–
	12,521	–	3,956	–
Initial public offer subscription amount	268	268	–	–
Prepayments and other receivables	974	195	388	83
Amounts due from related parties [note 22 d)]	54	54	2	177
	13,817	517	4,346	260

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

8 **ACCOUNTS AND OTHER RECEIVABLES (contd.)**

a) The changes in the impairment provision are as follows:

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
At the beginning of the year	129	–	128	–
Net effect arising on acquisition and disposal of ownership in subsidiaries	10	–	–	–
Provided during the year	17	–	30	–
Reversed during the year	–	–	(35)	–
At the end of the year	156	–	123	–

9 **BANK BALANCES AND CASH**

	Group 2007 RO'000	Company 2007 RO'000	Group 2006 RO'000	Company 2006 RO'000
Cash at bank:				
- Current accounts	647	189	189	14
- Deposit accounts	1,775	1,156	71	239
Cash in hand	10	–	3	–
	2,432	1,345	263	253

a) Deposit accounts earn interest at commercial rates (2006 – commercial rates).

b) Deposits of the Group includes RO 612,440 (2006 – RO 9,942) held in foreign currencies (US Dollar, Euro, GBP and United Arab Emirates Dirhams).

10 **SHARE CAPITAL AND RESERVES**

a) **Share capital**

The authorised share capital of the Parent Company comprises 200,000,000 (2006 - 20,000,000) shares of 100 baisas (2006 - RO 1) each. The issued and fully paid up share capital consists of 77,000,000 (2006 - 5,000,000) shares of 100 baisas (2006 - RO 1) each.

The share capital was increased during the year by a rights issue of 2,700,000 shares to the shareholders at RO 1.020 per share (including share issue expenses of RO 0.020 per share) as approved at the Extraordinary General Meeting held on 10 May 2005.

During the year, the Shareholders approved a resolution for a share split. Accordingly the total number of shares increased to 77,000,000 (2006 – 5,000,000 shares) and the nominal value was reduced to 100 baizas per share (2006 – RO 1 per share).

At the balance sheet date, details of shareholders, who own 10% or more of the Parent Company's share capital, are as follows:

	Number of shares held	2007 (%)	Number of shares held	2006 (%)
Fincorp Investment Company LLC	22,551,140	29.28	1,503,409	30.07
Financial Services Company SAOG / Trust / Gulf	16,402,000	21.30	1,151,000	23.02

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

10 SHARE CAPITAL AND RESERVES

b) Legal reserve

As required by the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended), 10% of the profit for the year of the individual companies (parent and subsidiaries) has been transferred to the legal reserve until the amount of legal reserve equals one third individual companies' paid up capital. The reserve is not available for distribution.

The balance at the end of the year represents the amounts relating to the Parent Company and its share of legal reserve of the subsidiaries since acquisition.

c) Fair value reserve

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

11 MINORITY INTEREST

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

	2007 RO'000 Results	2007 RO'000 Net assets	2006 RO'000 Results	2006 RO'000 Net assets
VMC	335	911	211	577
AABCO	–	–	(82)	250
SPC	69	656	55	385
NAPCO	526	2,790	–	–
	930	4,357	184	1,212

12 TERM LOANS AND DEFERRED GOVERNMENT GRANT

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Non-current portion				
BankMuscat SAOG term loans	1,472	687	833	400
Government term loans	200	–	488	–
Non-current term loans and deferred government grant	1,672	687	1,321	400
Current portion				
BankMuscat SAOG term loans	962	712	1,682	1,669
Bank Dhofar SAOG term loan	133	–	133	–
Government term loans	50	–	90	–
Current term loans	1,145	712	1,905	1,669
Total term loans and deferred government grant	2,817	1,399	3,226	2,069

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

12 TERM LOANS AND DEFERRED GOVERNMENT GRANT (contd.)

The terms and repayment schedules of term loans and government term loan are as follows:

Group 2007

	Total RO'000	Within one year RO'000	1–2 years RO'000	2–7 years RO'000
BankMuscat SAOG term loans	2,134	962	563	609
Bank Dhofar SAOG term loan	433	133	133	167
Government term loan	250	50	50	150
	2,817	1,145	746	926

Group 2006

	Total RO'000	Within one year RO'000	1–2 years RO'000	2–7 years RO'000
BankMuscat SAOG term loans	2,082	1,682	400	–
Bank Dhofar SAOG term loan	566	133	133	300
Government term loans	578	90	90	398
	3,226	1,905	623	698

Parent Company 2007

	Total RO'000	Within one year RO'000	1–2 years RO'000	2–7 years RO'000
BankMuscat SAOG term loans	1,399	712	313	374

Parent Company 2006

	Total RO'000	Within one year RO'000	1–2 years RO'000	2–7 years RO'000
BankMuscat SAOG term loans	2,069	1,669	400	–

The following further notes apply:

a) Bank Dhofar SAOG term loan relates to a subsidiary and is secured by a first commercial mortgage with insurance cover on specific assets acquired from the term loan, a second pari-passu charge over fixed and current assets and proportionate guarantee of the Members.

b) BankMuscat SAOG term loans include a loan of RO 735,000 which is secured by a first charge over the entire assets of the subsidiary's expansion project.

c) The Bank Muscat term loans amounting to RO 1.399 million are secured by pledge of the shares in subsidiaries, associates and other investments.

d) Government term loan is secured by joint insurance and a first charge on substantially all the assets of the subsidiary.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

12 TERM LOANS AND DEFERRED GOVERNMENT GRANT (contd.)

c) The total value of the Government term loan includes its carrying value as determined in accordance with the method described in note 2 p) to the financial statements. RO 217,428 (2005 – RO 265,557) including RO 32,572 (2005 – RO 34,443) being the amount of unamortized deferred income.

f) The above term loans carry interest rate ranging from 3% to 7% (2006 – 3% to 7%).

13 ACCOUNTS AND OTHER PAYABLES

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Trade payables	12,413	–	2,344	–
Accruals and other payables	1,844	45	325	20
Amounts due to related parties [note 22 d)]	154	264	173	–
	14,411	309	2,842	20

During the year, unclaimed dividends amounting to RO 4,064 payable for the year 2006 has been settled by transfer of funds to the Investor's Trust Fund of the Capital Market Authority.

14 BANK BORROWINGS

The Parent Company has overdraft facilities of RO 50,000 (2005 – RO 50,000) from a commercial bank. Interest is charged at commercial rates.

The subsidiaries have overdraft, bill discounting and loan against trust receipt facilities at the balance sheet date in the aggregate amount of approximately RO 2.525 million (2005 - RO 5.830 million). Interest is charged at rates ranging from 6% to 8% (2005 - Libor + 2% to 8%) per annum. Certain of these facilities are secured by:

- a second equal ranking charge on the related subsidiary's assets,
- an assignment of certain receivables in favour of commercial banks;
- proportionate guarantees of the Members; and
- hypothecation of inventories.

15 NET ASSETS PER SHARE

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

	Group 2007	Parent Company 2007	Group 2006	Parent Company 2006
Net assets attributable to the shareholders of the Parent Company (RO'000)	11,388	10,812	6,890	7,232
Number of shares outstanding at 31 March ('000)	77,000	77,000	50,000	50,000
Net assets per share (in Baisas)	148	140	138	145

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

16 BASIC EARNINGS PER SHARE

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

	Group 2007	Parent Company 2007	Group 2006	Parent Company 2006
Net profit for the year (RO'000)	2,167	1,265	394	498
Weighted average number of shares outstanding ('000)	72,500	72,500	50,000	50,000
Basic earnings per share (in Baisas)	30	17	8	10

17 PROPOSED DIVIDEND

a) A cash dividend of 5 baisas per share (2006 – 5 baisas per share) and stock dividend of 15% (2006 – Nil) amounting to a total of RO 1,540,000 (2006 – RO 385,000) is proposed by the Board of Directors. The dividend is subject to the Annual General Meeting's approval.

b) Dividend per share is determined by dividing the dividend proposed for the year of RO 1,540,000 (2006 – RO 385,000) by the number of ordinary shares of 77,000,000 (2006 – 77,000,000).

18 OTHER INCOME

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Impairment provision on investment in an associate reversed during the year	150	107	–	–
Miscellaneous	213	79	158	65
	363	186	158	65

19 OTHER EXPENSES

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Impairment provision in investment in an Associate	–	–	150	107
Amortisation of technical know-how fees in a subsidiary company	–	–	30	–
Fair value changes in investments	39	39	–	–
	39	39	180	107

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

20 PROFIT ON DISPOSAL OF INVESTMENTS

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Profit on disposal of investments in a subsidiary [note 5 i)]	252	183	–	–
Profit on disposal of investments in associates	–	–	296	296
Profit on disposal of other unquoted investment [note 5 f)]	643	643	–	–
	895	826	296	296

21 TAXATION

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Income statement:				
Current year's tax [note 21 e)]	245	–	54	–
Prior years	16	–	–	–
Deferred tax	11	–	11	–
	272	–	65	–
Current liability				
Current tax	244	–	70	–
Non current liability				
Deferred tax liability (net)	206	–	27	–

The following further notes apply:

a) The Group, except for SPC (a subsidiary), is subject to income tax at the rate of 12% of taxable profits in excess of RO 30,000 in accordance with the income tax laws of the Sultanate of Oman. SPC is exempt from income tax for a period of five years up to 31 July 2008.

b) Temporary differences arising in three subsidiaries in respect of depreciation, impairment provision and slow moving inventories have given rise to a net deferred tax liability of approximately RO 206,000 (2006 - RO 27,000).

c) Provision for taxation has not been made in respect of the Parent Company as the Company has brought forward losses from previous years. The Parent Company's Board of Directors have not recognised a deferred tax asset arising from carry forward taxation losses and amounting to RO 59,170 (2006 – RO 111,653) until they are confident that taxable profits will be achieved by the Parent Company.

d) The Parent Company's assessments for the tax years 2003 to 2006 and of subsidiaries for the years ranging from 2003 to 2005 have not yet been finalised. The Board of Directors believe that additional taxes, if any, on the finalisation of assessment for the above tax years would not be material to the Group's and Parent Company's financial position at the balance sheet date.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

21 TAXATION (contd.)

e) The reconciliation of taxation on the accounting profit with the taxation charge for the year is as follows:

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Tax charge on accounting profit at applicable rates	394	148	71	56
Add: Tax effect of				
Change in tax rate	–	–	6	–
Expenses not deductible	32	5	4	–
Incomes exempt	(85)	(153)	(16)	(56)
Others	(69)	–	–	–
Taxation charge	272	–	65	–

22 RELATED PARTY TRANSACTIONS

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

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

	2007 RO'000	2006 RO'000
Transactions in Parent Company		
Directors' remuneration and meeting attendance fees income	19	24
Project management fess	38	23
Purchase of goods and services from an associate	1	2
Purchase of investment in a subsidiary from another subsidiary	405	–
Transactions in subsidiary companies:		
AABCO		
Sales	–	175
Cost of sales	–	92
Technical know-how fees	–	14
SPC		
Sales	–	1
Purchases	476	157
Other expenses	1	49
VMC		
Sales	–	1
Purchases	16	53
NAPCO		
Purchases	50	–
Other expenses	3	–

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

22 RELATED PARTY TRANSACTIONS (contd.)

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

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Short term employment benefits	352	27	181	51
End of service benefits	13	1	19	4
Directors' remuneration and meeting attendance fees [see note c) below]	62	39	31	6

c) The meeting attendance fees of RO 21,300 (2006 – RO 5,750) and directors' remuneration of RO 18,250 (2006 – Nil) paid by the Parent Company is subject to the approval of the shareholders at the Annual General Meeting.

d) The amounts due to and due from related parties are on normal terms of credit, consideration is to be settled in cash, and the amounts are unsecured.

23 EMPLOYEE RELATED EXPENSES

a) Total employee related expenses included in operating expenses comprise:

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Salaries and wages	1,985	55	813	59
Other benefits	241	27	288	11
Contributions to defined contribution retirement plans for Omani employees	43	1	21	1
Cost of end of service benefits for expatriate employees	53	5	27	1
	2,322	88	1,149	72

b) Movement in expatriate's end of service benefits liability recognised in the balance sheet are as follows:

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
At the beginning of the year	100	4	89	5
Arising on acquisition / disposal of subsidiaries	144	-	-	-
Expenses recognised in the income statement	53	5	27	1
End of service benefits paid	(20)	(8)	(16)	(2)
At the end of the year	277	1	100	4

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

24 CONTINGENT LIABILITIES AND ASSETS

	Group 2007 RO'000	Parent Company 2007 RO'000	Group 2006 RO'000	Parent Company 2006 RO'000
Guarantees:				
- Subsidiaries	5,302	2,792	2,667	2,667
- Associates	1,744	1,744	3	-
- Others	7	7	7	7
	7,053	4,543	2,677	2,674
Letters of credit by subsidiary companies	3,089	-	326	-
Letters of credit and forward contracts by associates	5,953	-	117	-
	16,095	4,543	3,120	2,674

The following further note applies:

A guarantee given by the Parent Company to secure a term loan provided by Oman Development Bank SAOG (ODB) to Majan Glass Company SAOG (MGC) [a company that had earlier been an associate] had been settled and expensed by a full and final settlement amount of RO 257,142 in the previous years. On the basis of a legal opinion, the Board of Directors initiated a legal action in recovering this amount from MGC. During mid January 2007, the Sohar Primary Court has rendered its judgment in favour of the Parent Company and has directed MGC to pay a sum of RO. 257,142 towards reimbursement of the settlement made by the Parent Company.

Because MGC has filed an appeal in the Sohar Appeal Court against the judgment of the primary court, the Directors have decided not to recognise the RO 257,142 as income until the appeal has been decided.

25 COMMITMENTS

a) At 31 December 2006, subsidiaries and associates have capital commitments of approximately RO 5,137,090 (31 December 2005 - RO 145,718).

b) At 31 December 2006, operating lease commitments of the subsidiaries and associates were as follows:

	2006 RO	2005 RO
Less than one year	46,924	25,352
Between one to five years	187,696	226,408
More than 5 years	934,917	377,419
	1,169,537	629,179

26 FINANCIAL INSTRUMENTS

Financial assets of the Group include investments, accounts and other receivables, bank balances and cash. Financial liabilities include accounts and other payables, employees' end of service benefits term loans and bank borrowings.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

26 FINANCIAL INSTRUMENTS (contd.)

Credit risk

The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are generally performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Interest rate risk

The Group manages its exposure to interest rate risk by ensuring that the borrowings are on a contracted fixed rate basis, except for a term loan from a commercial bank obtained by the Parent Company and a subsidiary. The Group is exposed to interest rate risk due to fluctuations in the market interest rate of this loan.

Market risk

By the nature of its activities, the Group is exposed to fluctuations in market prices for some of its investments. The Company manages this risk by diversification of the investments into different companies and by having a portion of it's portfolio as unlisted securities.

Foreign currency risk

A subsidiary of the parent company enters into transactions in US Dollars, Euros and other GCC currencies. Foreign currency risk is minimised as most of the foreign currency transactions are either in US Dollars, which are effectively at fixed Rial Omani rates, or in currencies using US Dollars exchange rates which are fixed or effectively fixed. The Group enters into forward exchange contracts to hedge its foreign currency transactions.

Fair value

The Board of Directors believe that the fair values of all financial assets and liabilities approximate their carrying values.

27 SEGMENTAL INFORMATION

Primary reporting format – business segments

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

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

b) Investment segment, which is engaged in investment in projects and their management.

Investment segment is the only business segment in the Parent Company, hence not separately disclosed.

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

Financial information in respect of the segments is presented in the table on pages 32 and 33.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

27 SEGMENTAL INFORMATION (contd.)

Secondary reporting format - Geographical Segments

The Parent Company and the subsidiaries operate primarily from the Sultanate of Oman and there are no distinguishable geographical operating segments. However the geographical profile of sales revenue and trade accounts receivable (net of provisions) based on location of customers is shown below:-

	2007		2006	
	Operating income RO'000	Accounts Receivable RO'000	Operating income RO'000	Accounts Receivable RO'000
Sultanate of Oman and GCC countries	25,390	10,570	7,675	3,427
Others	10,685	1,951	4,253	529
	36,075	12,521	11,928	3,956

28 DERIVATIVE FINANCIAL INSTRUMENTS

Forward exchange contracts

NAPCO has certain forward exchange contracts outstanding at 31 December 2006 designated as cash flow hedges of expected future purchases in US Dollar. As at 31 December 2006, there was no unrealised gain included in equity in respect of these contracts. The notional amount of these forward contracts as of 31 December 2006 was RO 3,080,100 (2005 – Not applicable).

Forward commodity contracts

NAPCO has certain forward commodity contracts outstanding at 31 December 2006 designated as fair value hedges of fluctuations in metal prices relating to firm sales commitments. The notional amount of these forward commodity contracts as of 31 December 2006 was RO 2,671,021 (2005 – Not applicable). Positive fair value of the forward exchange contracts is included under trade and other receivables and negative fair value of the sales commitments are included under trade and other payables.

The terms of the forward exchange contracts and forward commodity contracts have been negotiated to match the terms of the commitments.

29 SUBSEQUENT EVENTS

a) Subsequent to the balance sheet date, the Parent Company has acquired 440,000 shares in FIC from a shareholder at a price of USD 3.80 equivalent to RO 1.467 per share which has increased the Parent Company's shareholding from the existing 32.41% to 40.56%.

b) Subsequent to the balance sheet date, the Board of Directors of the Parent Company has approved an investment of 25% shareholding in a Financial Services Company (Under Formation) in Saudi Arabia with a share capital of 200 Million Saudi Rials. Financial Service Company (Under Formation) will apply for a license from the CMA, Saudi Arabia to undertake the activity of Assets Management, Brokerage, Investment, Corporate Finance and Financial Services. The Parent Company has agreed to pay 10% of the investment as pre-formation fees. In case the Finance Company (Under Formation) cannot obtain the CMA license, the pre-formation fees will be refunded.

30 COMPARATIVE FIGURES

The figures of the Group are not comparable with the previous years on account of the change in subsidiaries during the year on account of acquisition and disposal of investments [note 5 a) and 5 i)].

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 March 2007

Schedule 1 – Segmental information

	Industrial segment		Investment segment		Group	
	2007 RO'000	2006 RO'000	2007 RO'000	2006 RO'000	2007 RO'000	2006 RO'000
Operating income	36,075	11,928	–	–	36,075	11,928
Dividend income	–	–	143	133	143	133
Other income	209	103	154	55	363	158
Total revenue	36,284	12,031	297	188	36,581	12,219
Operating expenses	(33,329)	(11,162)	(199)	(130)	(33,528)	(11,292)
Gross operating income	2,955	869	98	58	3,053	927
Financing costs	(569)	(305)	(74)	(76)	(643)	(381)
Share of profits of associates	–	(19)	103	–	103	(19)
Profit on sale of investments	–	3	895	293	895	296
Other expenses	–	(30)	(39)	(150)	(39)	(180)
Profit before income tax	2,386	518	983	125	3,369	643
Income tax	(272)	(65)	–	–	(272)	(65)
Profit after income tax	**2,114**	**453**	**983**	**125**	**3,097**	**578**
Total assets	32,035	8,874	7,203	8,716	39,238	17,590
Total liabilities	21,941	7,395	1,552	2,093	23,493	9,488

List of Shareholders holding 1% and above as on 31 March 2007

Sr.	Shareholder Name	No. of Shares	%
1	Fincorp Investment Co. LLC	22,551,140	29.287%
2	Financial Services Co. Trust/Gulf	16,402,000	21.301%
3	Al Khunji Investment LLC	4,470,000	5.805%
4	Abu Dhabi National Food Products	3,850,000	5%
5	Ahmed Ali Khalfan Al Mutawa Al Dhahri	3,850,000	5%
6	National Insurance & Investment Service Centre	3,409,500	4.428%
7	Mohamed & Ahmed Al Khonji	1,652,958	2.147%
8	Mohamed Hafeedh Ali Al Dhahab	1,500,000	1.948%
9	Bin Omair Investment LLC	1,040,000	1.351%
10	Oman Construction Materials LLC	973,300	1.264%
	TOTAL	**59,698,898**	**77.531%**