



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

Annual Report 2007-2008



His Majesty Sultan Qaboos Bin Said

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Al Anwar Holdings has broken into the ranks of top 20 largest listed companies in Sultanate of Oman for 2007 as per Oman Economic Review.

In the photograph, Mr. Krishna Kumar Gupta, Chief Executive Officer is seen receiving the trophy for OER being 19th in top 20.

Board of Directors

Mr. Masoud Humaid Malik Al Harthy	<i>Chairman</i>
Mr. Qais Mohamed Musa Al Yousef	<i>Deputy Chairman</i>
Mr. Shabir Musa Abdullah Al Yousef	<i>Director</i>
Mr. Abdulradha Mustafa Sultan	<i>Director</i>
Mr. Nawaf Ghubash Ahmed Al Merri	<i>Director</i>
Mr. Mohamed Abdullah Mohamed Al Khonji	<i>Director</i>
Mr. Hamad Rashid Al Dhaheri	<i>Director</i>

Management Team

Chief Executive Officer
Mr. Krishna Kumar Gupta

Finance Manager
Mr. Sanjay Kumar Tiwari

Assistant Finance Manager
Mr. E. Krishnan

Sr. Investment Analyst
Mr. Hrishikesh Joshi

Administration and Compliance Officer
Mr. Mubarak Said Al Ghazali

Investment Analyst
Mr. Suresh Kumar

Legal Consultants
Hamdan Al Durey
Barristers & Legal Consultants

Auditors
KPMG

Bankers
1. Bank Muscat SAOG
2. Bank Dhofar SAOG
3. Standard Chartered Bank
4. National Bank of Oman

Directors' Report for the year ended 31 March 2008

Dear Shareholders,

On behalf of the Board of Directors, I have great pleasure in welcoming you to the Fourteenth Annual General Meeting of Al Anwar Holdings SAOG. I take this opportunity to place before you the Annual Report on the activities and performance of your company for the financial year ending 31st March 2008

General Economic Environment:

The Sultanate of Oman experienced yet another year of robust economic activity in 2007 mainly due to the continued prevalence of high oil prices. In nominal terms Oman's GDP grew by about 8.3% to \$ 38.6 billion in 2007. Strong private consumption fuelled by the sustained oil revenues and increase in non-oil exports and continued government spending have all helped drive real growth. The Government continued to pursue its plan of developing the non – oil related economy and increasing expenditure towards social infrastructure such as education and health services. This healthy situation was in spite of a national disaster due to cyclone Gonu in June which disrupted commercial activity for some time.

The benchmark MSM 30 index of the Muscat Securities Market (MSM) recorded a 62% rise during the year, followed by 44% rise in Dubai Financial Market (DFM) index and 41% rise in Saudi Arabian Tadawul index. The rally in Oman was broad-based with participation from both blue chips and mid-caps to take the MSM 30 to all time high of 9035.48 at the year end. The trading volumes too rose exponentially to reach RO 3.3 billion compared to RO 1.1 billion in 2006.

The continued pegging of Omani Rial to the weakening US Dollar contributed to increased inflation as higher prices were paid for imported goods. In December year-on-year consumer price inflation reached 8.3%, the highest in 16 years. The prices have been pushed up by the combination of external factors such as higher international food prices, and a flood of oil-derived domestic liquidity. Wage hike and labour shortage have further fuelled inflation.

In a major initiative, the GCC Common Market was approved at the GCC summit in December 2007, effective January 1, 2008. With customs union already in place since 2003, monetary union is now the outstanding issue to be resolved.

The Year in Retrospect:

The new business strategies; investment policies and procedures; and risk management tools introduced by the management in the second half of last year has contributed in the continued sustainable growth of the company.

The company's management continued an effective representation on the Boards of investee companies. Using strong tools for monitoring and evaluating the performance, providing timely guidance and effective support have yielded good results and most of the investee companies performed much better than the previous year.

Investments were continued to be reviewed and external environment was scanned for selecting the most opportune time for divestment of matured investments. During the year full divestment of Oman Drilling Mud Product in the first quarter of the year and partial divestment of National Aluminium Product Co. SAOG in last quarter helped the company to unlock the values carried in these investments; generating funds for better yielding investments in line with investment strategy and recording good profits.

Management's pro active approach in seeking actively the investment opportunities resulted in investment in growth sector of India and Saudi Arabia.

Post balance sheet date the management had been further strengthened by recruiting two well experienced Investment Analysts.

Directors' Report (continued) for the year ended 31 March 2008

Financial Overview of Al Anwar Group:

I am pleased to report that your company has reported yet another year of a strong performance recording 100% growth in profits over last year.

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 Product Co. SAOG (Napco), Voltamp Manufacturing Co. LLC (VMC -Switchgear & Transformer Divisions; now called as Voltamp Energy LLC), Sun Packaging Co. LLC (SPC) and Al Anwar International Investment LLC. Napco became Associate from Subsidiary at the end of the year on account of divestment of 31% shareholding in it.
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.
5. Unrealised gains on quoted investments.

Al Anwar group achieved highest ever net consolidated profit attributable to the shareholders of the parent company of RO. 4.331 million for the year ended 31st March, 2008 as against a net consolidated profit of RO.2.167 million for the year ended 31st March, 2007, recording a substantial increase of 100%. About 66% of the net profit at RO 2.851 million is investment related income. Divestment of 31% shareholding in National Aluminium Product SAOG has generated RO 1.138 million, full divestment in Oman Drilling Mud Product has generated RO 0.570 million while new Trading Portfolio has generated RO 0.226 million as investment gains in parent company.

National Aluminium Product SAOG at the end of the year became an Associate from a Subsidiary on account of sale of controlling stake.

The Earning per share (EPS) has improved to 49 Baizas in 2008 as against 30 Baizas in 2007 registering an increase of 63% on the increased Share Capital from RO 7.700 million to RO 8.855 million an increase of 15%.

Net asset of the company improved from 148 Baizas per share to 174 Baizas per share recording an increase of 18% on the increased capital.

During the year 2006-07, the company has increased its share capital from RO 7.700 million to RO 8.855 million through stock dividend.

The Share-of-profits from Associates was at RO 0.166 million as against RO 0.103 million in the previous Year. The swing of profit during the year is due to better performance of the Associate companies.

The Board of Directors is pleased to recommend a cash dividend of 8% and stock dividend of 12.93 % for the current year (Previous Year: 5% cash dividend and 15% stock dividend). The Board has recommended Directors Remuneration of RO 73,750 (Previous year: RO 18,250). Both dividend and Directors' Remuneration are subject to approval by the shareholders.

Performance of Al Anwar Investments:

Subsidiaries:

1. Voltamp Manufacturing Company LLC (now called Voltamp Energy LLC under conversion to SAOG) (and its subsidiary): Voltamp has improved its turnover by 34% and profits by 207% during the year as compared to last year. 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. Installation of plant & machinery at Voltamp Transformer Qatar, (51% subsidiary of Voltamp Manufacturing Co. LLC), is in progress and it is expected that during current calendar year the company would start commercial production.

Directors' Report (continued) **for the year ended 31 March 2008**

Voltamp Manufacturing Company LLC has changed its name as Voltamp Energy LLC (under conversion to SAOG) and its shareholders are bringing an IPO for 25 million shares comprising of 15 million new shares and 10 million shares offered for sale by the existing shareholders. The issue is priced at RO.0.542 consisting of RO.0.100 as nominal value, RO.0.440 as premium and RO.0.002 towards issue expenses. The IPO opened for subscription on 5th May, 2008 and generated good interest amongst investing public. Post IPO, public will hold 50% shares and Al Anwar Holdings SAOG will still be the single largest shareholder with 28.71% shareholding.

2. **Sun Packaging Company LLC:** The company has registered a growth of 19% in its top line and is yet to operate at full expanded capacity. During the year the company faced steep increase in raw material cost which was countered by higher thru put. However, as a result of increase in costs including higher depreciation the profit for the year was lower by 20% as compared to last year. It is expected that higher utilization of capacity during the coming whole year would improve its both top as well as the bottom lines for the year 2008.

Associates:

1. **National Aluminium Products Co. SAOG:** The company managed to maximize the gains from buoyancy in the market and minimize the negative impact of increased competition and volatility in the metal prices to a greater extent. As a result, the company has reported growth of 27% in top line while the profits remained at the same level of last year. The company is expected to maintain its competitive position in the years to come with expanded capacity. The status of company was re-classified as Associates from Subsidiary during the year as majority shareholding was divested to a strategic investor.
2. **Al Anwar Blank Company SAOC:** With necessary technical and marketing support from new foreign collaborators, the company is making all out efforts for expanding its customer base so that capacity utilization is increased steadily, better quality is produced and good remunerative prices obtained for its products. The company is expected to progress well both in terms of turnover and profitability in the coming years and recoup its accumulated losses soon.
3. **Falcon Insurance Company SAOC (Falcon):** Year 2007 was second full year of operations for Falcon into General Insurance business in Oman. The company has posted profits during the year despite a setback faced due to national catastrophe in the form of cyclone, Gonu during the year. New personnel have been inducted to strengthen the management. The company is cautiously improving its performance by realigning its business mix, reinsurance treaties and keeping vigil on the risk mitigating policies.
4. **Al Maha Ceramics Company SAOC:** The company has implemented the project and has started commercial production from April 2008. The impact of the commercial operations of the company will get reflected in our accounts only from the financial year 2008-2009.
5. **Addax Securities Saudi Arabia (under incorporation):** The company has since obtained license from CMA of Saudi Arabia for carrying out financial services business in Saudi Arabia. It is expected that by the end of third quarter of the financial year, the company will be incorporated and start commercial operations.

Other Investments:

1. **Taageer Finance Company SAOG (Taageer):** During the year, we obtained approval from Central Bank of Oman to increase our shareholding in the company from 10% to 20%. On the balance sheet date we had a shareholding of 13.55% in the company. The company is performing well and its lease income grew by 58% and net profit by 60% as against last year. The company is issuing 50 million unsecured convertible bonds on right basis carrying a coupon of 5.5% and to be fully converted by June 2010. The company is positioned well amongst its peer to continue performing well as the demand for the financial products is on the climb and this market is poised to grow rapidly.
2. **Almondz Global Securities Limited (India):** To strengthen the exposure in financial services sector and also to spread the geographical coverage for diversifying the risk and taking advantage of emerging markets, the company bought 14.99% stake in Almondz Global Securities Ltd, a publicly listed mid-sized financial services company in India

Directors' Report (continued) for the year ended 31 March 2008

catering to both wholesale and retail segment of financial services sector. The company is poised for rapid growth as it is in the process of widening retail reach and establishing network of branches and franchises across length and breadth of India with a population of more than 1 billion. Post Balance Sheet date the company had announced merger of its subsidiary which was engaged in retail brokerage in India with the parent company and as such has further strengthened its foothold on financial services sector of India. The company has shown impressive growth in its top line growing by 98% and bottom line by 87% for the year ended 31st March, 2008 over last year. The shares of the company are listed at Bombay Stock Exchange and National Stock Exchange, two major stock exchanges in India. The share price of the company nose-dived along with others during the market crash of Indian Stock markets. The share price of the company continues to be depressed as stock markets in India continue to be volatile. The value of the shares as on the balance sheet date is below the acquisition price due to marking the investment to market price. This volatility is expected to continue till 3rd quarter of this year. The reasons for which the stock markets crashed have no apparent effect on the growth of Indian economy which is expected to grow more than 8%. As such, stock markets are expected to recover once the total effect of sub-prime crisis is known.

Trading Portfolio:

In tune with the investment policy approved by the Board, a sum of RO.500,000 was allocated for a trading portfolio to be invested in MSM listed scrips.

The trading portfolio allocation was divided into two equal halves. One half, i.e. RO.250,000 was placed with a third party for a discretionary portfolio management and another RO.250,000 was managed in-house. Both these trading portfolios have given return much above the MSM index, 112% and 221% on annualized basis for external and in-house portfolio respectively.

The Years Ahead:

Oman economic policy will continue to focus on diversification away from petroleum exports in 2008 and beyond. Increased investments in human capital, infrastructure and knowledge intensive industries are all part of the government plans. Oman has reiterated its commitment to the dollar peg. As a result of major industrial projects coming on stream, the GDP growth will be strong in 2008 and 2009. One major challenge will be containment of inflation. The high international oil prices will ensure stable revenue.

GCC economies will continue growing at fast pace due to high oil prices. Inflation will continue to be a challenge for all these economies.

The fear of recession in US is expected to slow down the world economy. Many countries are claiming to de-couple their economies with that of US and as such are expected not to be effected much by US economic conditions.

Indian economy is expected to grow minimum at 8%. Some scholars are claiming that US recession will be beneficial for India and the economic growth will be in excess of 10%.

Future Investments and Projects:

- 1) Financial Services: Financial Services being the prime focus area for Al Anwar Holdings SAOG, 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. The company has already obtained an in-principal approval from CMA for setting up a financial services company in Oman. This company is expected to be operational in the current financial year.
- 2) Real Estate: The real estate and infrastructure sector is providing a huge opportunity not only in Oman but in the entire GCC. In order to make use of this opportunity, the company has decided to set up a Real Estate company in Oman which will take up real estate development projects in Oman and other GCC countries. This company will be a real estate investment vehicle of Al Anwar Holdings SAOG and will make investments in other real estate opportunities.

Directors' Report (continued) for the year ended 31 March 2008

- 3) In view of uncertain world economic conditions, we have decided to adopt a cautious approach on fresh investments. However, we have kept ourselves in readiness to grab any opportunistic investment proposal.

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 in large numbers. Present Omanisation in the parent company is 43% while as a group it is 37%.

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 also thank the Bankers of our companies for their continued support to the Company and its Group.

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. Lastly I 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



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Report to the Shareholders of Al Anwar Holdings SAOG ("the Company") of Factual Findings in connection with the Corporate Governance Report of the Company and application of the Corporate Governance practices in accordance with Capital Market Authority Code of Corporate Governance

We have performed the procedures prescribed in the Capital Market Authority ("CMA") Circular No. 16/2003 dated 29 December 2003 with respect to the Corporate Governance Report of the Company ("the Report") and its application of the Corporate Governance practices in accordance with the CMA Code of Corporate Governance ("the Code") issued under Circular No. 11/2002 dated 3 June 2002 and the CMA Rules and Guidelines on disclosure, issued under CMA Administrative Decision 5/2007, dated 27 June 2007. The Report is set out on pages 14 to 20.

Our engagement was undertaken in accordance with the International Standards on Auditing applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the Report.

We found the Report reflects, in all material respects, the Company's application of the provisions of the Code and is free from any material misrepresentation.

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

This report is solely for the purpose set forth in the second paragraph above, and for inclusion with the Report, in the Company's annual report, and is not to be used for any other purpose. This report relates only to the Report included in the Company's annual report for the year ended 31 March 2008 and does not extend to the financial statements or any other reports of Company, taken as a whole.

10 May 2008

Report on Corporate Governance

for the year ending 31, March 2008

1. Company philosophy

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

We follow 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, team leadership, accounting, government and sophistication of investment management.

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 Invest LLC
Mr. Hamed Rashid Al Dhaheri	Independent	29/06/2006	3 Years	Director	Abu Dhabi National Food Products

Report on Corporate Governance (continued) for the year ending 31, March 2008

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 3. Vice Chairman, Oman Power & Water Procurement Co. SAOC
Mr. Shabir Musa Abdullah Al Yousef	None
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	Director, Oman Investment & Finance Co. SAOG
Mr. Hamed Rashid Al Dhaheri	None

3. Meetings of the Board

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

Sl #	Name	AGM	Board Meetings held on					
		30/06/07	12/06/07	30/06/07	09/08/07	20/09/07	27/10/07	27/01/08
1	Mr. Masoud Humaid Malik Al Harthy	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Mr. Qais Mohamed Al Yousef	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Mr. Shabir Musa Abdullah Al Yousef	No	Yes*	Yes	Yes*	Yes	Yes*	Yes*
4	Mr. Abdulredha Mustafa Sultan	Yes	Yes	Yes	No	Yes	Yes	Yes
5	Mr. Nawwaf Ghubash Ahmed Al Merri	No	Yes*	No	Yes	No	Yes	Yes*
6	Mr. Mohamed Abdullah Al Khonji	Yes	Yes	Yes	No	Yes	Yes*	Yes
7	Mr. Hamed Rashid Al Dhaheri	No	No	Yes	No	No	Yes	Yes*

*Attended by way of conference call

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/-

Report on Corporate Governance (continued)

for the year ending 31, March 2008

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

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

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

Name of Director	Executive Committee Meetings held on					
	08/04/07	19/06/07	13/09/07	27/10/07	12/01/08	15/03/08
Mr. Qais Mohamed Al Yousef	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Shabir Musa Abdullah Al Yousef	Yes	Yes	Yes	No	Yes	Yes
Mr. Nawwaf Ghubash Ahmed Al Merri	Yes	Yes	Yes*	Yes	Yes	Yes

*Attended by way of conference call

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

- (c) **Audit Committee:** The Audit Committee (AC) is a sub-committee of the Board, comprising of the following 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 five 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				
	03/04/07	30/05/07	21/07/07	23/10/07	30/01/08
Mr. Abdulredha Mustafa Sultan	Yes	Yes	Yes	Yes	Yes
Mr. Qais Mohamed Al Yousef	Yes	Yes	No	Yes	Yes
Mr. Mohamed Abdullah Al Khonji	Yes	Yes	Yes	Yes	Yes

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

Report on Corporate Governance (continued) **for the year ending 31, March 2008**

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

4. Process of nomination of the 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 the Board of Directors.

5. Management

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

6. Related party transactions

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

7. Means of communication with the Shareholders and investors

- (a) The notice to the Shareholders for the Annual General Meeting containing the details of the related party transactions is filed with CMA and mailed to shareholders along with Directors' report and audited accounts.
- (b) The Quarterly results of the company as per CMA format, are prepared by the management for every quarter, reviewed by the Audit Committee, approved by the Board, are forwarded to CMA and also published in the Newspapers as per the directives of CMA. Copies are made available to shareholders on request. Results are also uploaded on the website of Muscat Securities Market (MSM).
- (c) 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.
- (d) The Management Discussion and Analysis Report forms part of the Annual Report.

Report on Corporate Governance (continued)

for the year ending 31, March 2008

8. Remuneration matters

- (a) The Meeting attendance fee was as per the remuneration fixed by the Board. A total of RO 15,150/- (FY 2006-07: RO 15,400/-*) was paid to Directors for meetings attended during the period 1st April '07 to 31st March '08 as per details given below:

* a sum of RO 5,900/- was also paid in FY 2006-07 for remuneration pertaining to FY 2005-06

Name of Director	2007-08	2006-07	2006-07 [*]
Mr. Masoud Humaid Malik Al Harthy	2,400	2,800	800
Mr. Qais Mohamed Al Yousef	3,600	3,300	1,250
Mr. Shabir Musa Abdullah Al Yousef	2,250	2,200	650
Mr. Abdulredha Mustafa Sultan	2,250	2,550	1,100
Mr. Nawwaf Ghobash Ahmed Al Merri	1,900	1,450	950
Mr. Hamed Rashid Ahmed Al Dhaheri	750	750	650
Mr. Mohamed Abdullah Al Khonji	2,000	2,200	500
<u>Members for part of the year</u>			
Mr. Hamed Rashid Ahmed Al Dhaheri	--	150	--
Total Meeting Attendance fees	15,150	15,400	5,900

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

- (b) The remuneration for the employees is, after critical evaluation, fixed by the Board, based on qualification, expertise and efficiency of the executives. The total remuneration of the Top three (FY 2006-07 Top Five) employees for Financial Year 2007-08 was RO 100,325 (FY 2006-07 : RO 87,165).
- (c) A scheme of incentive based on (i) profits earned and (ii) on sale of assets is applicable to the Chief Executive Officer.
- (d) The Board has approved Directors' remuneration of RO. 73,750 for the year 2007-08 which is subject to approval of the Company's shareholders at the Annual General Meeting to be held during the month of June 2008.

9. Details of non-compliance by the company

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

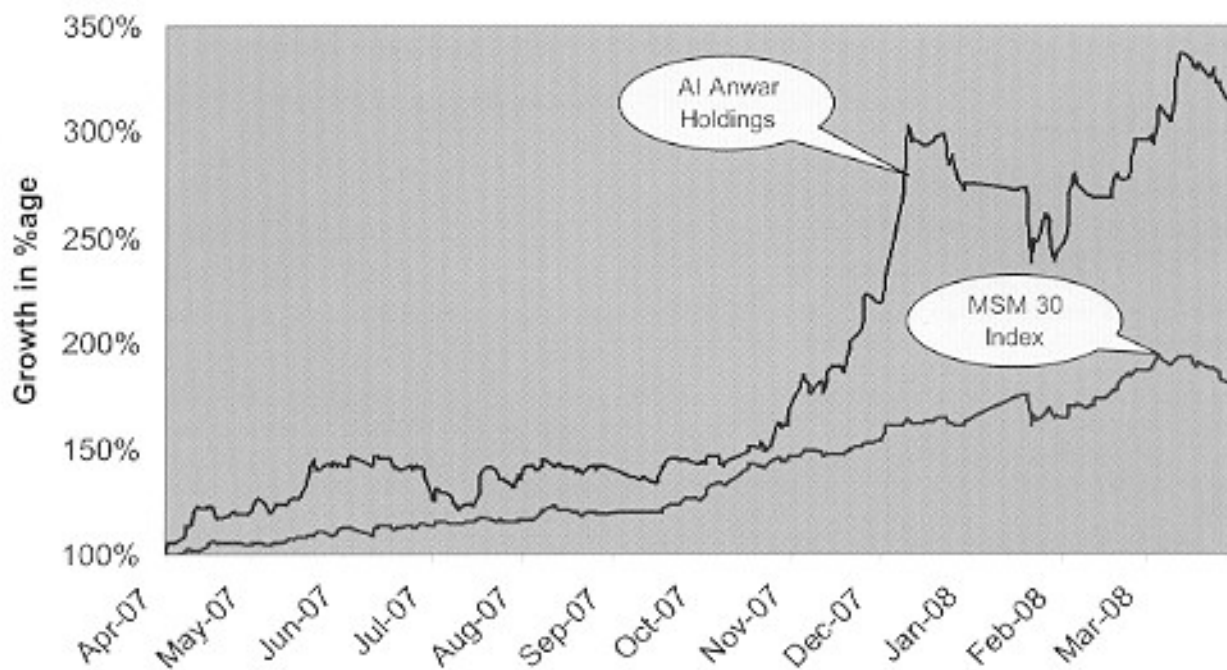
Report on Corporate Governance (continued) for the year ending 31, March 2008

10. Market price data

The monthly high and low share price of the company during the financial year ended 31st March 2008 was as under:

Month	High – RO	Low – RO
April 2007	0.195	0.154
May 2007	0.230	0.184
June 2007	0.237	0.210
July 2007	0.222	0.185
August 2007	0.226	0.209
September 2007	0.226	0.206
October 2007	0.256	0.219
November 2007	0.366	0.249
December 2007	0.484	0.335
January 2008	0.480	0.366
February 2008	0.466	0.375
March 2008	0.528	0.450

Comparison of Al Anwar Holding's share index v/s MSM 30 Index



Report on Corporate Governance (continued) **for the year ending 31, March 2008**

11. Distribution of Shares

The share holding pattern as on 31st March 2008 is as given below:

Distribution	No. of Shares Holders	No. of Share	% on total shares
1 to 5,000 Total	849	1,730,529	1.95%
5,001 to 10,000 Total	266	2,265,699	2.56%
10,001 to 20,000 Total	201	3,141,072	3.55%
20,001 to 50,000 Total	134	4,574,437	5.17%
50,000 & Above Total	131	76,838,263	86.77%
Grand Total	1,581	88,550,000	100.00%

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

12. Professional profile of the statutory auditor

KPMG is a leading professional services firm, providing audit, tax and advisory services. KPMG has more than 100,000 professionals throughout the world, offices in 800 cities and 7,000 partners in over 150 countries.

KPMG in the Middle East and South Asia employs more than 4,000 professionals and have offices in 15 countries.

The Oman practice of KPMG was established in 1974. KPMG Oman currently has a staff compliment in audit, tax and advisory services in excess of 100, including 3 partners, 2 directors and 12 managers. KPMG Oman is accredited by the Capital Market Authority to audit Omani listed companies.

Details of professional fees are as follows:

Audit of financial statements for the year ended 31 March 2008	5,500
Review of Compliance with Code of Corporate Governance	500

	6,000
	===

13. The fees in respect of Audit of subsidiaries were RO 14,500.

14. 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.

15. Acknowledgement by Board of Directors

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

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

The Board of Directors, through the Audit Committee's consideration of the results of the internal audit work and discussions with the external auditors, together with their examination of periodic management information and discussions with the management, have reviewed the operation of internal controls during the year ended 31 March 2008. The Board of Directors has concluded based on this that internal controls operated effectively throughout the year.

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. In the year 2006, the company re-positioned itself to be a private equity investment company with primary focus on financial services sector. The company since has a well defined investment policy that specifies the maximum allocation of available funds in a particular industry.

The new management installed in 2006 continued to:

- Periodically review, monitor and evaluate all its existing investments,
- Scanning the external environment for divestment of the matured investments at the most opportune time,
- Looking for opportunities in the GCC and outside the GCC specially India for making fresh investments as per the investment policy of the company,
- Continuous monitoring and churning of the trading portfolio in order to maximize returns,
- Strengthening and following de-risking policies meticulously in order to mitigate risks,
- Building up and strengthening the organization for long term sustainable growth.

Al Anwar Holding's shares are listed on Muscat Securities Market (MSM) and they form part of the basket of 30 shares selected for MSM Index.

Summary of MSM performance:

	2007		2006		Growth (%)	
	No. of Listed Cos.	(RO billion)	No. of Listed Cos.	(RO billion)	2007	2006
Market capitalization by sector:						
Banking & Investment	32	4.62	28	2.42	90.91	15.50
Services	37	3.00	47	1.80	66.67	12.20
Industry	51	1.26	52	0.80	57.50	58.90
Mutual funds	4	0.03	4	0.02	50.00	-
Total market capitalization	124	8.91	131	5.04	76.79	7.42

YEAR-END	GENERAL INDEX	INDUSTRY	BANKING & INVESTMENT	SERVICE	% CHANGE IN GENERAL INDEX
2007	9,035.48	8,137.06	12,312.80	3,533.14	61.88
2006	5,581.57	5,072.80	7,179.27	2,323.92	14.49
2005	4,875.11	3,778.54	6,847.72	1,975.65	44.45
2004	3,375.05	2,811.91	4,520.64	1,520.45	23.78
2003	2,726.70	2,087.20	3,647.90	1,349.10	42.12
2002	1,918.60	1,542.80	2,401.10	1,120.40	26.16
No. of stocks included in the Indices	30	10	10	10	

(Source: MSM Investors Guide: December 2007 & December 2006)

Management Discussion and Analysis (MD&A) Report (continued)

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.

However, the present sectoral composition of the investment book at carrying cost is as under:

	2007-08		2006-07		2005-06	
	RO'000	%age	RO'000	%age	RO'000	%age
A. Industrial Sector	6,317	31%	7,754	70%	6,586	73%
B. Financial Services Sector	7,478	37%	1,170	11%	865	10%
C. Insurance Sector	2,810	14%	1,951	18%	1,535	17%
D. Trading Portfolio	558	3%	268	2%	-	0%
E. Real Estate Sector	3,147	15%	-	0%	-	0%
Total	20,310	100%	11,143	100%	8,986	100%
Growth	82%		24%		-	

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. Opportunities are being explored to increase the investments in the industrial units which are actively repositioning themselves for improved growth and long-term viability, and whose valuations are attractive.

A good percentage of the investments are matured and offer good current valuation. There are good opportunities for divestment of matured investments for booking not only good profits but also improving liquidity for making fresh investments.

New Investments:

1. **Taageer Finance Company SAOG:** Financial services sector being the primary focus area, the investments in this sector are spread across all components of this sector. Investment in Taageer Finance Company SAOG provides the opportunity of taking advantage of booming leasing industry in the Sultanate. In view of Taageer Finance Company SAOG showing continuously good performance and offering yet better future returns, last year approval was obtained from Central Bank of Oman for increasing our shareholding in the company from 10% to 20%. We have since increased our shareholding in the company above 10%.

Management Discussion and Analysis (MD&A) Report (continued)

2. **Almondz Global Securities Limited (India):** To strengthen the exposure in financial services sector and also to spread the geographical coverage for diversifying the risk and taking advantage of emerging markets, the company bought 14.99% stake in Almondz Global Securities Ltd, a mid-sized financial services company in India catering to both wholesale and retail segment of financial services sector. The investment is classified as "Investment at Fair value through Profit & Loss" and as such marked to market. The company is poised for rapid growth as it is in the process of widening retail reach and establishing network of branches and franchises across length and breadth of India with a population of more than 1 billion. Post Balance Sheet date the company had announced merger of its subsidiary which was engaged in retail brokerage in India with the parent company and as such has further strengthened its foothold on financial services sector of India. The company has shown impressive growth in its top line growing by 98% and bottom line by 87% for the year ended 31st March, 2008 over last year. The shares of the company are listed at Bombay Stock Exchange and National Stock Exchange, two major stock exchanges in India. The share price of the company nose-dived along with others during the market crash of Indian Stock markets due to sub-prime crisis in the US. The share price of the company continues to be depressed as stock markets in India continue to be volatile. This volatility is expected to continue till 3rd quarter of this year. The reasons for which the stock markets crashed have no apparent effect on the growth of Indian economy which is expected to grow more than 8%. As such, stock markets are expected to recover once the total effect of sub-prime crisis is known. Value of the investment as on the balance sheet date is below the acquisition price due to marking it to market price.
3. **Addax Securities Saudi Arabia (under incorporation):** The company has since obtained license from CMA of Saudi Arabia for carrying out financial services business in Saudi Arabia. It is expected that by the end of third quarter of current financial year the company will be incorporated and start commercial operations.
4. **Trading Portfolio:** In tune with the investment policy approved by the Board, a sum of RO.500,000 was allocated for a trading portfolio to be invested in MSM listed scrips to begin with. The trading portfolio allocation was divided into two equal halves. One half, i.e. RO.250,000 was placed with a third party for a discretionary portfolio management and another RO.250,000 was managed in-house. Both these trading portfolios have given return much above the MSM Index, 112% and 221% on annualized basis for external and in-house portfolio respectively.

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.

In the year 2007-08 the company mobilized additional term loans of RO 8.925 million in the parent company and RO 9.452 million in the group. The assets of both parent company and the group are more than adequate for covering these loans. As a sound and cautious policy, the Debt Equity ratio in the parent company was maintained below 1 and this policy is being pursued in the current year too.

Geographic Dispersion

The company has created the critical mass and has improved its net-worth over the years. Emerging markets of South Asia especially India and Central & Eastern Europe 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.

With this in view, last year two investments were made outside of Oman, one in the buoyant economy of Saudi Arabia and another one in the emerging economy of India. The investment in Saudi Arabia is expected to start giving returns in the financial year 2008-09. The investment in India which is depressed presently due to falling down of the Indian Stock markets but is expected to provide good returns from the financial year 2008-09.

Management Discussion and Analysis (MD&A) Report (continued)

Threats & Risks:

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. Fear of imminent recession in the US due to sub-prime problems which could also slow down the world economy.
3. Rising inflation not only in Sultanate of Oman but in entire GCC has become a challenge which also poses a threat.
4. The fall in dollar due to which asian currencies have strengthened, specially Indian Rupee which has posed a threat of shortage of labour as major source of labour for the country is India and other asian countries.

The management has taken effective steps already 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 insurance and financial services 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.

There are various financial risks mentioned in the Note 25 of the consolidated financial statement. These are broadly Credit Risks, Liquidity Risks and Market Risks. They are covered in detail in the note 25 to the consolidated financial statement and as such are not repeated here.

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 burden 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 internationally: 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 products and services.
3. Product Shifts: Investment in Industrial units consists of investing in capital assets like Plant & Machinery, 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.

A major risk 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

Management Discussion and Analysis (MD&A) Report (continued)

generation capabilities in the long run. Wherever, an investment fails the acid test of its continuance in the investment basket, it would be divested.

The above risks are further minimized by shifting over reliance on industrial investments and moving towards financial services and insurance over them.

Outlook:

The major 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.

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.

Discussions on financial and operational performance:

The Company has posted a net group consolidated profit of RO 4.331 million in the current year as against the profit of RO 2.167 million last year registering a handsome growth of 100%. 65% of the net profit has come from investment income. Profit on sale of investment has increased to RO 1.813 million from RO 0.895 million recording a growth of 102%. The performance of all the investee companies was satisfactory during the year 2006-07. Subsidiaries income increased to RO 44.900 million from RO 36.075 million in the previous year.

The realized gains from sale of investments are mainly due to disposal of entire holdings in Oman Drilling Mud Products LLC and sale of controlling 31% stake in National Aluminium Products Co. SAOG. These transactions have resulted in a profit of RO 1.587 million.

The parent company's loan outstanding amounts to RO 5.674 million, 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.

Management Discussion and Analysis (MD&A) Report (continued)

During the year there has been a significant investment in new projects - in financial services sector in Saudi Arabia and India. 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.

Al Anwar is also endeavoring to reduce cost of borrowing so that the yield on investments in particular and profits in general could be improved further.

Krishna Kumar Gupta
Chief Executive Officer





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

Report on the financial statements

We have audited the Consolidated and Parent Company financial statements of Al Anwar Holdings SAOG ("Parent Company") and its subsidiaries ("the Group"), set out on pages 28 to 58, which comprise the Consolidated and Parent Company: balance sheet as at 31 March 2008; the income statement; the statement of changes in equity; and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of the Company as of and for the year ended 31 March 2007 were audited by Moore Stephens Chartered Accountant, whose report dated 13 June 2007 expressed an unqualified opinion.

Management's responsibility for the financial statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the disclosure requirements of the Capital Market Authority and the Commercial Companies Law of 1974, as amended. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider internal control relevant to the 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 internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the 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 opinion.

Opinion

In our opinion, the Consolidated and Parent Company financial statements present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 March 2008 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory requirements

In our opinion, the Consolidated and Parent Company financial statements as at and for the year ended 31 March 2008, in all material respects, comply with:

- the relevant disclosure requirements of the Capital Market Authority; and
- the Commercial Companies Law of 1974, as amended.

10 May 2008



KPMG

Consolidated and Parent Company Balance sheet as at 31 March

	Note	2008 Group RO'000	2007 Group RO'000	2008 Parent Company RO'000	2007 Parent Company RO'000
Assets:					
Property, plant and equipment	3	3,706	9,188	18	25
Intangible assets	4	179	1,575	-	-
Investments	5	13,833	4,171	15,020	10,391
Total non – current assets		17,718	14,934	15,038	10,416
Investments	5	793	246	558	243
Investment property	6	3,148	35	3,148	-
Inventories	7	5,064	7,774	-	-
Trade and other receivables	8	6,762	13,817	254	517
Cash and Bank balances	9	125	2,432	-	1,345
Total current assets		15,892	24,304	3,960	2,105
Total assets		33,610	39,238	18,998	12,521
Equity					
Share capital	10 (a)	8,855	7,700	8,855	7,700
Legal reserve	10 (b)	1,526	1,050	1,057	811
Retained earnings		4,942	2,627	2,974	2,301
Fair value reserve	10 (c)	68	11	-	-
Equity attributable to shareholders of Parent Company		15,391	11,388	12,886	10,812
Minority interest	11	2,548	4,357	-	-
		17,939	15,745	12,886	10,812
Liabilities:					
Term loans	12	6,147	1,672	5,399	687
Deferred tax liability	20	39	206	-	-
Employees' end of service benefits	22	135	277	3	1
Total non – current liabilities		6,321	2,155	5,402	688
Bank borrowings	14	4,231	5,538	2	-
Term loans	12	633	1,145	275	712
Accounts and other payables	13	4,466	14,411	433	309
Taxation	20	-	244	-	-
Total current liabilities		9,350	21,338	710	1,021
Total liabilities		15,671	23,493	6,112	1,709
Total equity and liabilities		33,610	39,238	18,998	12,521
Net assets per share attributable to shareholders of the Parent Company (in Baisas)	15	174	148	146	140

These financial statements were approved and authorised for issue by the Board of Directors on 10 May 2008 and were signed on their behalf by:

The report of auditors is set forth on page 27.

Chairman

Director

Consolidated and Parent Company income statement

For the year ended 31 March

	Note	Group 2008 RO'000	Group 2007 RO'000	Parent Company 2008 RO'000	Parent Company 2007 RO'000
Operating income	2 (p)	44,900	36,075	-	-
Dividend income	2 (c)	68	143	266	574
Other income	18	363	363	40	186
		45,371	36,581	326	760
Operating expenses		(40,933)	(33,528)	(314)	(208)
Gross operating profit		4,438	3,053	12	552
Finance charges		(692)	(643)	(284)	(74)
Share of profits of associates	5	166	103	-	-
Gain on disposal of investments	19	1,813	895	1,934	626
Unrealised gain/(loss) on re-measurement at fair value		872	(39)	797	(39)
Profit before tax		6,397	3,369	2,459	1,265
Taxation	20	(461)	(272)	-	-
Net profit for the year		5,936	3,097	2,459	1,265
Less: Minority interest	11	(1,605)	(930)	-	-
Net profit attributable to shareholders of Parent Company		4,331	2,167	2,459	1,265
Basic earnings per share attributable to shareholders of Parent Company (in Bz)	16	49	30	28	17
Dividend per share (in Bz)	17	21	20	21	20

The report of auditors is set forth on page 27.

Consolidated and Parent Company statement of changes in equity

For the year ended 31 March 2008

Group	Share capital	Legal reserve	Retained earnings	Fair value Reserve	Total	Minority Interest	Total Equity
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
1 April 2006	5,000	735	1,160	(5)	6,890	1,249	8,139
Capital introduced	2,700	-	-	-	2,700	188	2,888
Increase due to investment in subsidiary	-	-	-	-	-	2,104	2,104
Net profit for the year	-	-	2,167	-	2,167	930	3,097
Legal reserve	-	315	(315)	-	-	-	-
Dividend paid	-	-	(385)	-	(385)	(114)	(499)
Share of fair value reserve in associates recognized during the year	-	-	-	16	16	-	16
31 March 2007	7,700	1,050	2,627	11	11,388	4,357	15,745
1 April 2007	7,700	1,050	2,627	11	11,388	4,357	15,745
Stock dividend	1,155	-	(1,155)	-	-	-	-
Decrease due to disposal of subsidiary	-	-	-	-	-	(3,150)	(3,150)
Net profit for the year	-	-	4,331	-	4,331	1,605	5,936
Legal reserve	-	476	(476)	-	-	-	-
Dividend paid	-	-	(385)	-	(385)	(264)	(649)
Share of fair value reserve in associates recognized during the year	-	-	-	57	57	-	57
At 31 March 2008	8,855	1,526	4,942	68	15,391	2,548	17,939
Parent Company			Share capital	Legal reserve	Retained earnings		Total
			RO'000	RO'000	RO'000		RO'000
1 APRIL 2006			5,000	684	1,548		7,232
Capital introduced			2,700	-	-		2,700
Net profit for the year			-	-	1,265		1,265
Legal reserve			-	127	(127)		-
Dividend paid			-	-	(385)		(385)
31 March 2007			7,700	811	2,301		10,812
1 April 2007			7,700	811	2,301		10,812
Stock dividend			1,155	-	(1,155)		-
Net profit for the year			-	-	2,459		2,459
Legal reserve			-	246	(246)		-
Dividend paid			-	-	(385)		(385)
31 March 2008			8,855	1,057	2,974		12,886

The report of auditors is set forth on page 27.

Consolidated and Parent Company cash flow statement

For the year ended 31 March

	2008 Group RO'000	2007 Group RO'000	2008 Parent Company RO'000	2007 Parent Company RO'000
Cash flows from operating activities				
Dividend income and cash receipts from sales	43,975	31,814	502	674
Cash paid towards operating and other expenses	(40,014)	(28,579)	(356)	(164)
Cash generated from operations	3,961	3,235	146	510
Finance charges (net)	(874)	(656)	(266)	(83)
Taxation	(258)	(70)	-	-
Net cash generated from (used in) operating activities	2,829	2,509	(120)	427
Cash flows from investing activities				
Purchase of plant and equipment	(1,674)	(2,538)	(1)	(12)
Disposal of plant and equipment	5	27	-	-
Proceeds from disposal of a subsidiary	3,862	383	3,862	383
Proceeds from disposal of other investments	1,592	1,448	1,577	1,448
Purchase of investments	(11,187)	(2,798)	(10,555)	(2,798)
Net cash used in investing activities	(7,402)	(3,478)	(5,117)	(979)
Cash flows from financing activities				
Additional capital introduced	-	2,700	-	2,700
Net movement in current account of a subsidiary	-	538	-	-
Dividend to minority shareholders	(264)	(114)	-	-
Dividend by Parent Company	(385)	(385)	(385)	(385)
Proceeds from term loans	9,452	1,413	8,925	1,379
Repayment of term loans	(5,528)	(2,527)	(4,650)	(2,050)
Short term bank borrowings-net	(358)	1,210	2	-
Net cash generated from financing activities	2,919	2,835	3,892	1,644
(Decrease) / increase in cash and cash equivalents during the year	(1,654)	1,866	(1,345)	1,092
Cash and cash equivalents at the beginning of the year	2,432	263	1,345	253
Effect of (disposal) acquisition of a subsidiary	(653)	303	-	-
Cash and cash equivalents at the end of the year	125	2,432	-	1,345

The report of auditors is set forth on page 27.

Notes

(forming part of the consolidated financial statements)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Anwar Holdings SAOG (the "Parent Company") is an Omani joint stock company incorporated on 20 December 1994 and registered in the Sultanate of Oman. The business activities of Parent Company and its subsidiary companies (together referred to as the "Group" 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.

During the year the Parent Company disposed 31% equity in one of its subsidiaries National Aluminium Product Co. SAOG ("NAPCO"). NAPCO is now an associate of the Parent Company, with 20% equity.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

In the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosures, which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1: Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyper-inflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; and IFRIC 10 Interim Financial Reporting and Impairment. The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

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 which are stated at amortised cost.

b) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Notes (continued) (forming part of the consolidated financial statements)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of consolidation (continued)

The consolidated balance sheet incorporates the assets and liabilities of the Parent and its subsidiaries. All significant inter-company balances, transactions, income and expenses have been eliminated on consolidation. For the purpose of consolidation, financial position and results of operations of the subsidiaries are consistently considered on the basis of their audited financial statements for the year ended on the preceding 31 December. Adjustments are made for significant transactions which took place between the reporting date of subsidiaries and the Parent Company.

c) Investments

Subsidiary

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

Associate

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

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

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

Investments held to maturity

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

Investments at fair value through profit or loss

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

Trading assets

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

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

Investments available for sale

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

Notes (continued) (forming part of the consolidated financial statements)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Investments (continued)

Fair value measurement

For investments actively traded in organized financial markets, fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the 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.

e) Leases

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

f) Property, plant and equipment

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

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

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

Capital work in progress is not depreciated.

Notes (continued) (forming part of the consolidated financial statements)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Investment properties

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

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.

Notes (continued) (forming part of the consolidated financial statements)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Employees' end of service benefits

Payment is made to Omani Government's Social Security Scheme in accordance with the Royal Decree Number 72/91 (as amended) for Omani employees. Provision is made for amounts payable under the Sultanate of Oman's labour law in accordance with Royal Decree number 35/2003 (as amended) applicable to expatriate employees' accumulated periods of service at the 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 are determined as the present values of the loans adopting the interest rates that reflect the current cost of similar borrowing on similar loan terms from a commercial bank.

Finance charge

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

Deferred income

The amount of deferred income relating to the government term loans is released to the 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.

Notes (continued) (forming part of the consolidated financial statements)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Taxation

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

Deferred tax assets are recognised in relation to carry forward losses 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.

These derivative financial instruments, if considered material, are initially recognised at fair value on the date on which a contract is entered into and are subsequently re-measured 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:

Notes (continued) (forming part of the consolidated financial statements)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Derivative financial instruments (continued)

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 and meeting attendance fees

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

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 which requires the use of estimates.

Notes (continued)
(forming part of the consolidated financial statements)

3 PROPERTY PLANT AND EQUIPMENT

Group	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						
1 April 2007	3,018	16,390	252	1,164	802	21,626
Disposal of a subsidiary	(2,190)	(13,333)	(54)	(748)	(25)	(16,350)
Other disposals	-	(97)	(71)	(32)	-	(200)
Additions during the year	143	1,345	58	77	51	1,674
Transfers	151	646	-	-	(797)	-
31 March 2008	1,122	4,951	185	461	31	6,750
Depreciation						
1 April 2007	1,873	9,500	153	912	-	12,438
Disposal of a subsidiary	(1,602)	(8,706)	(31)	(588)	-	(10,927)
Relating to disposals	-	(49)	(68)	(26)	-	(143)
Charge for the year	161	1,407	41	67	-	1,676
31 March 2008	432	2,152	95	365	-	3,044
Net book value						
31 March 2008	690	2,799	90	96	31	3,706
31 March 2007	1,145	6,890	99	252	802	9,188
Parent Company			Motor vehicles RO'000	Furniture and fixtures RO'000		Total RO'000
Cost						
1 April 2007			29	69		98
Additions during the year			-	1		1
Disposals during the year			-	(2)		(2)
31 March 2008			29	68		97
Depreciation						
1 April 2007			7	66		73
Charge for the year			6	2		8
Disposals during the year			-	(2)		(2)
31 March 2008			13	66		79
Net book values						
At 31 March 2008			16	2		18
At 31 March 2007			22	3		25

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

Notes (continued) (forming part of the consolidated financial statements)

4 INTANGIBLE ASSETS

It represents goodwill arising on acquisition of subsidiary as follows:

Group	2008 RO'000	2007 RO'000
Voltamp Manufacturing Company LLC	360	360
Less: Provision for Impairment	(244)	(244)
	-----	-----
	116	116
Sun Packaging Company LLC	63	63
NAPCO	-	1,396
	-----	-----
Total	179	1,575
	-----	-----

Out of the total goodwill relating to NAPCO, an amount RO 0.849 million was derecognised during the year as a result of the disposal of 31% equity. Residual goodwill in the amount of RO 0.547 million has been classified as investment in associate. (note 5).

5 INVESTMENTS

Investments in subsidiaries, associates and investments at fair value through profit or loss represent companies registered in the Sultanate of Oman, Kuwait, Saudi Arabia and India having financial reporting periods ended on 31 December 2007 as follows:

	Ownership interest		Status
	2008 %	2007 %	
Subsidiaries			
Voltamp Manufacturing Company LLC and its Subsidiary (now called Voltamp Energy LLC) ("VMC")	57.42	57.42	Unquoted
Al Anwar International Investment LLC [Formerly Al Anwar Computer Services LLC ("AACS")]	100.00	100.00	Unquoted
Sun Packaging Company LLC ("SPC")	62.50	62.50	Unquoted
National Aluminium Products Company SAOG ("NAPCO")	-	51.00	Quoted
Associates			
National Aluminium Products Company SAOG ("NAPCO")	20.00	-	Quoted
Oman Drilling Mud Products Company LLC ("ODMP")	-	22.67	Unquoted
Falcon Insurance Company SAOC ("FIC")	40.56	32.41	Unquoted
Al Maha Ceramics Company SAOC ("AMCC")	32.00	32.00	Unquoted
Al Anwar Blank Company SAOC ("AABCO")	40.00	40.00	Unquoted
Addax Securities, Saudi Arabia	25.00	-	Unquoted
Investments at fair value through profit or loss			
Computer Stationery Industry SAOG ("CSI")	0.11	0.11	Quoted
Taageer Finance Company SAOG	13.55	6.33	Quoted
Al Ritaj Investment Company, Kuwait	0.40	0.40	Unquoted
Almondz Global Securities Ltd, India	14.99	-	Quoted

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

Notes (continued)
(forming part of the consolidated financial statements)

5 INVESTMENTS (CONTINUED)

Schedule of investments in the above concerns is as follows:

Group	Quoted RO'000	Unquoted RO'000	2008 Total RO'000	Quoted RO'000	Unquoted RO'000	2007 Total RO'000
Non-current assets						
Associates	1,762	6,219	7,981	-	3,120	3,120
Available for sale	-	-	-	57	-	57
Investments at fair value	5,713	139	5,852	855	139	994
Carrying values	7,475	6,358	13,833	912	3,259	4,171
Current assets						
Associates	-	-	-	-	166	166
Held to maturity	-	-	-	76	-	76
Investment Held for Trading	793	-	793	4	-	4
Carrying values	793	-	793	80	166	246
Total carrying values	8,268	6,358	14,626	992	3,425	4,417
Parent Company						
Non-current assets						
Subsidiaries	-	1,705	1,705	4,477	1,655	6,132
Associates	1,756	5,709	7,465	-	3,265	3,265
Investments at fair value	5,711	139	5,850	855	139	994
Carrying values	7,467	7,553	15,020	5,332	5,059	10,391
Current assets						
Associates	-	-	-	-	166	166
Held to maturity	-	-	-	76	-	76
Investment Held for Trading	558	-	558	1	-	1
Carrying values	558	-	558	77	166	243
Total carrying values	8,025	7,553	15,578	5,409	5,225	10,634

Notes (continued)

(forming part of the consolidated financial statements)

5 INVESTMENTS (CONTINUED)

During the year, the Parent Company reduced its shareholding in the subsidiary, NAPCO from 51% to 20% and has accordingly become an associate during the year. The carrying value of the investment at the balance sheet date amounted to RO 1.756 million (2007 – RO 4.447 million) in the Parent Company's financial statements and RO 1.762 million, including the goodwill of RO 0.547 million, in the consolidated financial statements under the equity method of accounting. Management believe that the carrying values of NAPCO's assets and liabilities on the date of divestment approximate to their fair values and accordingly no fair value adjustments are required to the acquired assets and liabilities.

During the year, the Parent Company increased its shareholding in FIC, an associate from 32.41% to 40.56%. The carrying value of the investment at the balance sheet date amounted to RO 2.532 million (2007 – RO 1.886 million) in the Parent Company's financial statements and RO 2.810 million (2007 – RO 1.954 million) in the Group's financial statements.

During the year the Parent Company has divested its entire 22.67% holding in ODMP for a consideration of RO 750,000.

Investments in subsidiaries and associates having a total carrying value of RO 2,834,587 (2007 - RO 1) are registered in the name of Al-Anwar International Investment LLC for and on behalf of the Parent Company.

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

	Group 2008 RO'000	Group 2007 RO'000
ODMP	-	91
FIC	213	54
AABCO	(43)	(35)
AMCC	(4)	(7)
	-----	-----
	166	103
	=====	=====

Sector-wise analysis of the Group's investment in quoted securities is as under:

	2008 %	2007 %
Leasing	64	92
Manufacturing	1	-
Banking	2	7
Other financial services	32	1
Services	1	-
	=====	=====

Group's investment in quoted securities having the market value of 10% or more of the Group's total investments in quotes securities is as follows:

	Percentage of the overall portfolio	Number of securities	Market value RO'000	Carrying value RO'000
Taageer Finance	47%	10,669,578	3,990,422	3,990,422
NAPCO	20%	6,713,170	2,819,531	1,775,341
Almondz	21%	3,091,500	1,640,923	1,640,923
	=====	=====	=====	=====

Notes (continued) (forming part of the consolidated financial statements)

5 INVESTMENTS (CONTINUED)

During the year the Parent company acquired 14.99% stake in Almondz Global Securities Ltd. India, a company engaged in financial services any foreign exchange gain at balance sheet date in India at a total cost of RO 1,640,923.

During the year the Parent company subscribed for 25% stake in Addax Securities Saudi Arabia (under formation) and paid RO 1,798,000 towards initial capital contribution. Addax Securities has obtained a license from CMA of Saudi Arabia for financial services business.

During the year the Parent Company has increased its equity in Taageer Finance Co. SAOG from 6.33% to 13.55% at a total cost of RO 1,281,998.

On 3 July 2002, the Parent Company entered into an agreement for transferring its 60% interest in Sun Plastics Company LLC to the minority shareholder. Up to the date of approval of these financial statements, the formal transfer of shares to the minority shareholder has not taken place and the Management believes that the transfer will be completed by 31 March 2009. 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.

Subsequent to the balance sheet date, Voltamp Manufacturing Company LLC (renamed as Voltamp Energy LLC) has announced an initial public offering of its shares. Consequently, the Parent Company will divest 28.57% of its equity holding, resulting in gain on disposal of investment in the amount of RO 2.9 million.

6 INVESTMENT PROPERTY

Investment property represents land purchased by the Parent Company intended to be transferred to the proposed real estate company towards capital contribution. The land is stated at its cost of RO 3,147,540 which equals to its fair value at the reporting date.

7 INVENTORIES

	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
	RO'000	RO'000	RO'000	RO'000
Raw materials	4,478	5,608	-	-
Work in progress	417	1,444	-	-
Finished goods	333	857	-	-
Less: Provision for slow moving and obsolescence	(164)	(135)	-	-
	=====	=====	=====	=====
	5,064	7,774	-	-
	=====	=====	=====	=====

Movement in the provision for slow moving and obsolescence is as follows:

1 April	135	160	-	-
Effect of (disposal) acquisition of subsidiary	(21)	21	-	-
Provided during the year	88	15	-	-
Provision write-back	(38)	(61)	-	-
	=====	=====	=====	=====
31 March	164	135	-	-
	=====	=====	=====	=====

Notes (continued)

(forming part of the consolidated financial statements)

8 TRADE AND OTHER RECEIVABLES

	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
	RO'000	RO'000	RO'000	RO'000
Trade receivables	6,152	12,677	-	-
Impairment provisions on accounts receivable	(114)	(156)	-	-
	=====	=====	=====	=====
	6,038	12,521	-	-
Initial public offer subscription amount	-	268	-	268
Prepayments and other receivables	660	974	190	195
Amounts due from related parties [note 21]	64	54	64	54
	=====	=====	=====	=====
	6,762	13,817	254	517
	=====	=====	=====	=====

a) Movement in impairment provision is as follows:

1 April	156	129	-	-
Effect on (disposal) acquisition of subsidiary	(57)	10	-	-
Provided during the year	61	17	-	-
Write-back during the year	(46)	-	-	-
	=====	=====	=====	=====
31 March	114	156	-	-
	=====	=====	=====	=====

9 CASH AND BANK BALANCES

Cash in hand	2	10	-	-
Cash at bank:				
Current accounts	100	647	-	189
Deposit accounts	23	1,775	-	1,156
	=====	=====	=====	=====
	125	2,432	-	1,345
	=====	=====	=====	=====

Deposit accounts mainly include deposits held in foreign currencies and carry interest at the rate of 1.25% per annum (2007: 1.25% per annum).

Notes (continued)

(forming part of the consolidated financial statements)

10 SHARE CAPITAL AND RESERVES

a) Share capital

The authorised share capital of the Parent Company comprises 200,000,000 (2007 - 200,000,000) shares of 100 baisas (2007 - Bz 100) each. The issued and fully paid up share capital consists of 88,550,000 (2007 - 77,000,000) shares of 100 baisas (2007 - Bz. 100) each. Movement in number of shares during the year is as follows:

	2008	2007
1 April	77,000,000	5,000,000
Stock dividend	11,550,000	-
Share split	-	45,000,000
Right issue	-	27,000,000
	-----	-----
31 March	88,550,000	77,000,000
	=====	=====

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

	2008		2007	
	Number of shares held	(%)	Number of shares held	(%)
Fincorp Investment Company LLC	22,574,290	25.49	22,551,140	29.28
Financial Services Company SAOG - Trust	17,995,800	20.32	16,402,000	21.30
	=====	=====	=====	=====

b) Legal reserve

As required by the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended), 10% of the net profit for the year of the individual companies (Parent and subsidiaries) are required to be transferred to the legal reserve until the amount of legal reserve equals one third of the individual companies' paid up share 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:

	2008		2007	
	RO'000	Net assets	RO'000	Net assets
Results			Results	
VMC	1,031	1,857	335	911
SPC	56	691	69	656
NAPCO*	518	--	526	2,790
	-----	-----	-----	-----
	1,605	2,548	930	4,357
	=====	=====	=====	=====

* Results for the year 2007 have been consolidated as the company was an associate as at 31 March 2008.

Notes (continued)

(forming part of the consolidated financial statements)

12 TERM LOANS

	Group 2008 RO'000	Group 2007 RO'000	Parent Company 2008 RO'000	Parent Company 2007 RO'000
Non-current portion				
From commercial banks	5,587	1,472	5,399	687
From Government	560	200	-	-
	-----	-----	-----	-----
	6,147	1,672	5,399	687
	-----	-----	-----	-----
Current portion				
From commercial banks	533	1,095	275	712
From Government	100	50	-	-
	-----	-----	-----	-----
	633	1,145	275	712
	-----	-----	-----	-----
	6,780	2,817	5,674	1,399
	=====	=====	=====	=====

Repayment schedule of the Group is as follows:

	Total RO'000	Within one year RO'000	1-2 years RO'000	2-7 years RO'000
2008				
Commercial banks	6,120	533	2,928	2,659
Government	660	100	300	260
	-----	-----	-----	-----
	6,780	633	3,228	2,919
	=====	=====	=====	=====
2007				
Commercial banks	2,567	1,095	696	776
Government	250	50	50	150
	-----	-----	-----	-----
	2,817	1,145	746	926
	=====	=====	=====	=====

Repayment schedule of the Parent Company is as follows:

2008				
Commercial banks	5,674	275	2,740	2,659
	=====	=====	=====	=====
2007				
Commercial banks	1,399	712	313	374
	=====	=====	=====	=====

Notes (continued) (forming part of the consolidated financial statements)

12 TERM LOANS (CONTINUED)

Term loan obtained by a subsidiary company from Bank Dhofar (RO 0.45 million) is secured by a first commercial mortgage with insurance cover on specific assets acquired from the term loan, a second pari-passu charge over fixed and current assets and proportionate guarantee of the Members.

Term loans obtained by the Parent Company from Bank Muscat (RO 5.249 million) and Bank Dhofar (RO 0.425 million) are secured by pledge of the shares in subsidiaries, associates and other investments.

Government term loans are secured by joint insurance and a first charge on substantially all the assets of the subsidiary. Carrying values of these loans include un-amortized deferred government grant in the amount of RO 109,126 (2007: RO 32,578).

The above loans carry interest rate ranging from 3% to 7.5% (2007 - 3% to 7%) per annum.

13 ACCOUNTS AND OTHER PAYABLES

	Group 2008 RO'000	Group 2007 RO'000	Parent Company 2008 RO'000	Parent Company 2007 RO'000
Trade payables	3,511	12,413	23	--
Accruals and other payables	944	1,844	114	45
Amounts due to related parties (note 21)	31	154	296	264
	-----	-----	-----	-----
	4,486	14,411	433	309
	=====	=====	=====	=====

During the year, unclaimed dividends amounting to RO 3,142 payable for the year 2007 has been transferred to the Investor's Trust Fund of the Capital Market Authority.

14 SHORT TERM BANK BORROWINGS

The Parent Company has overdraft facilities of RO 50,000 (2007 - RO 50,000) from a commercial bank. Interest is charged at the rate of 7.5% per annum (2007: 7.5% per annum).

The subsidiaries have overdraft, bill discounting and loan against trust receipt facilities at the balance sheet date in the aggregate amount of approximately RO 4.228 million (2007: RO 2.525 million). Interest is charged at rates ranging from 6% to 8% (2007 - 6% to 8%) per annum. 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 Shareholders; 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 2008	Group 2007	Parent Company 2008	Parent Company 2007
Net assets attributable to the shareholders of the Parent Company (RO'000)	15,391	11,388	12,886	10,812
	=====	=====	=====	=====
Number of shares outstanding at 31 March ('000)	88,550	77,000	88,550	77,000
	=====	=====	=====	=====
Net assets per share (in Baisas)	174	148	146	140
	=====	=====	=====	=====

Notes (continued)

(forming part of the consolidated financial statements)

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:

Net profit for the year attributable to equity shareholders of Parent Company (RO'000)	4,331	2,167	2,459	1,265
	=====	=====	=====	=====
Weighted average number of shares outstanding ('000)	88,550	72,500	88,550	72,500
	=====	=====	=====	=====
Basic earnings per share (in Baisas)	49	30	28	17
	=====	=====	=====	=====

17 PROPOSED DIVIDEND

A cash dividend of 8 baisas per share (2007: 5 baisas per share) and stock dividend of 12.93% (2007: 15%) in the aggregate amount of RO1,853,400 (2007: RO 1,540,000) have been proposed by the Board of Directors. The dividend is subject to the approval by the Members in the forthcoming Annual General Meeting's.

Dividend per share is determined by dividing the dividend proposed for the year of RO 1,853,400 (2007: RO 1,540,000) by the number of ordinary shares of 88,550,000 (2007: 77,000,000).

18 OTHER INCOME

	Group 2008 RO'000	Group 2007 RO'000	Parent Company 2008 RO'000	Parent Company 2007 RO'000
Impairment reversal on investment in associate	-	150	-	107
Interest income	18	9	21	9
Miscellaneous income	365	204	19	70
	-----	-----	-----	-----
	383	363	40	186
	=====	=====	=====	=====

19 GAIN ON DISPOSAL OF INVESTMENTS

	Group 2008 RO'000	Group 2007 RO'000	Parent Company 2008 RO'000	Parent Company 2007 RO'000
Disposal of NAPCO, a subsidiary	1,017	252	1,138	183
Disposal ODMP, an associates	570	-	570	-
Disposal of other investments	226	643	226	643
	-----	-----	-----	-----
	1,813	895	1,934	826
	=====	=====	=====	=====

Notes (continued)

(forming part of the consolidated financial statements)

19 GAIN ON DISPOSAL OF INVESTMENTS (CONTINUED)

Profit on disposal of 31% equity in NAPCO, is as follows:

	Group RO'000	Parent Company RO'000
Sale proceeds (net of advisor's charges of RO 0.99 million)	3,860	3,860
Associated carrying value	(2,843)	(2,722)
	-----	-----
Gain on disposal	1,017	1,138
	=====	=====

20 TAXATION

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.

	Group 2008 RO'000	Group 2007 RO'000	Parent Company 2008 RO'000	Parent Company 2007 RO'000
Current:				
- for the year	459	245	-	-
- for prior year	14	16	-	-
	-----	-----	-----	-----
	473	261	-	-
Deferred:				
- for the year	(12)	11	-	-
	-----	-----	-----	-----
	461	272	-	-
	=====	=====	=====	=====
Reconciliation is as follows:				
Profit before taxation	6,397	3,369	2,459	1,265
	=====	=====	=====	=====
Tax charge at applicable rates	744	394	291	148
Expenses not deductible	20	32	8	5
Incomes exempt	(303)	(154)	(299)	(153)
	-----	-----	-----	-----
Taxation charge	461	272	-	-
	=====	=====	=====	=====

Temporary differences arising in subsidiaries in respect of depreciation, impairment provision and slow moving inventories have given rise to a net deferred tax liability of approximately RO 39,000 (2007: RO 206,000). The Parent Company's Board of Directors have not recognised a deferred tax asset in the amount of RO 70,299 (2007: RO 138,699) arising due to accumulated carry forward tax losses as a matter of prudence.

The Parent Company's assessments for the tax years 2003 to 2007 and of subsidiaries for the years ranging from 2003 to 2006 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 (continued)

(forming part of the consolidated financial statements)

21 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	2008 RO'000	2007 RO'000
Transactions entered into by the Parent Company		
Remuneration and meeting attendance fees income	19	19
Project management fees	-	38
Purchase of goods and services from an associate	-	1
Transactions entered into by subsidiary companies:		
SPC		
Sales	1	-
Purchases	243	476
Other expenses	-	1
VMC		
Sales	212	-
Purchases	35	16
Other income	77	-
NAPCO		
Purchases	57	50
Other expenses	-	3
	=====	=====

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

	Group 2008 RO'000	Group 2007 RO'000	Parent Company 2008 RO'000	Parent Company 2007 RO'000
Short term employment benefits	390	352	69	27
End of service benefits	29	13	2	1
Directors' remuneration and sitting fees	176	62	89	39
	=====	=====	=====	=====

The sitting fees of RO 15,150 (2007: RO 21,300), travel expenses of RO 2,142 (2007: Nil) and directors' remuneration of RO 73,750 (2007: RO 18,250) paid by the Parent Company is subject to the approval of the shareholders at the Annual General Meeting.

The amounts due to and due from related parties are interest free, unsecured and are payable on demands.

Notes (continued) (forming part of the consolidated financial statements)

22 EMPLOYEE RELATED EXPENSES

Total employee related expenses included in operating expenses comprise:

	Group 2008 RO'000	Group 2007 RO'000	Parent Company 2008 RO'000	Parent Company 2007 RO'000
Salaries and wages	2,307	1,985	83	55
Other benefits	363	241	33	27
Contributions to defined contribution retirement plans for Omani employees	48	43	1	1
Cost of end of service benefits for expatriate employees	68	53	2	5
	<u>2,786</u>	<u>2,322</u>	<u>119</u>	<u>88</u>
	=====	=====	=====	=====

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

1 April	277	100	1	4
Effect of (disposal) acquisition of subsidiaries	(169)	144	-	-
Expenses recognised in the income statement	68	53	2	5
Paid during the year	(41)	(20)	-	(8)
	<u>135</u>	<u>277</u>	<u>3</u>	<u>1</u>
	=====	=====	=====	=====
31 March	135	277	3	1
	=====	=====	=====	=====

23 CONTINGENCIES

Guarantees:				
- Subsidiaries	4,932	5,302	2,914	2,792
- Associates	2,064	1,744	2,064	1,744
- Others	5	7	5	7
	<u>7,001</u>	<u>7,053</u>	<u>4,983</u>	<u>4,543</u>
Letters of credit by subsidiary companies	6,628	3,089	-	-
	<u>13,629</u>	<u>10,142</u>	<u>4,983</u>	<u>4,543</u>
	=====	=====	=====	=====

Subsequent to the balance sheet date, an amount of RO 260,342 was received by the Parent Company in relation to a legal case against Majan Glass Co. SAOG.

24 COMMITMENTS

	Group 2008 RO'000	Group 2007 RO'000	Parent Company 2008 RO'000	Parent Company 2007 RO'000
Forward commodity contract (fair value)	(62)	(62)	-	-
	=====	=====	=====	=====
Operating lease commitments:				
Group			2008 RO'000	2007 RO'000
Less than one year			5	5
Between one to five years			19	19
More than 5 years			78	83
			<u>102</u>	<u>107</u>
			=====	=====

Notes (continued)

(forming part of the consolidated financial statements)

25 FINANCIAL RISK MANAGEMENT

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

Credit risk

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

Trade and other receivables

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

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

	Gross 2008 RO'000	Impairment 2008 RO'000	Gross 2007 RO'000	Impairment 2007 RO'000
Not past due	4,556	1	10,648	-
Past due 1 -90 days	1,281	-	1,623	-
Past due 91-365 days	201	113	406	156
	-----	-----	-----	-----
Total	6,038	114	12,677	156
	=====	=====	=====	=====

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount 2008 RO'000	2007 RO'000
Sultanate of Oman and other GCC countries	4,323	10,570
Others	1,628	1,951
	=====	=====

Liquidity risk

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

Notes (continued) (forming part of the consolidated financial statements)

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group uses local banks operating in the Sultanate of Oman to ensure that it has sufficient cash on demand to meet expected operational expenses and sufficient credit facilities to manage its liquidity risk. The Group has total credit facilities in the amount of RO 26 million from five banks. Short term loans and overdraft ranging are, on average, utilized for period of 15 to 30 days to bridge the gap between collections of receivables and settlement of product purchase bills during the middle of every month. The maturities of Group's undiscounted financial liabilities at reporting date is as below:

2008	Carrying amount RO'000	Contractual cash flows RO'000	Less than 6 months RO'000	6 months to 1 year RO'000	Above 1 year RO'000
Non-derivative financial liabilities					
Term loans	6,780	6,780	329	304	6,147
Bank borrowings	4,231	4,231	4,231	-	-
Trade and other payables	4,486	4,486	4,486	-	-
Total	15,497	15,497	9,046	304	6,147
2007					
Non-derivative financial liabilities					
Term loan	2,817	727	416	729	1,672
Bank borrowings	5,538	5,538	5,538	-	-
Trade and other payables	14,411	14,411	14,411	-	-
Total	22,766	20,676	20,365	729	1,672

Market risk

Interest rate risk

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

Equity price risk

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

Sensitivity analysis – equity price risk

The following table demonstrates the sensitivity of the Group's equity and profit or loss to a 5% change in the price of its equity holdings, assuming all other variables in particular foreign currency rates remain constant. Change of 5% in value of equity securities would impact results and equity by RO 0.312 million (2007: 0.043 million)

Currency risk

The Group's exposure to currency risk mainly relates to its investment in Almondz Global Securities, India in the amount equivalent to RO 1.6 million at the reporting date. Change of 10% in currency fluctuations would impact results and equity by RO 27,000.

Capital management

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

Fair value

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

Notes (continued) (forming part of the consolidated financial statements)

26 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 been disclosed separately.

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

Financial information in respect of the segments is presented in Schedule I on page 30.

Secondary reporting format - Geographical Segments

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

	2008	2007	2008	2007
	Operating income RO'000	Operating income RO'000	Accounts receivable RO'000	Accounts receivable RO'000
Sultanate of Oman and GCC countries	33,321	25,390	4,409	10,570
Others	11,579	10,685	1,629	1,951
	-----	-----	-----	-----
	44,900	36,075	6,038	12,521
	=====	=====	=====	=====

Accounts receivable for the year 2008 excludes receivables of NAPCO which was considered Associate as at 31 March 2008.

27 COMPARATIVE FIGURES

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

Notes (continued)
(forming part of the consolidated financial statements)

Schedule I – Segmental information

	Industrial segment		Investment segment		Group	
	2008 RO'000	2007 RO'000	2008 RO'000	2007 RO'000	2008 RO'000	2007 RO'000
Income						
Operating income	44,900	36,075	-	-	44,900	36,075
Dividend income	-	-	88	143	88	143
Other income	343	209	40	154	383	363
	<u>45,243</u>	<u>36,284</u>	<u>128</u>	<u>297</u>	<u>45,371</u>	<u>36,581</u>
Operating expenses	(40,619)	(33,329)	(314)	(199)	(40,933)	(33,528)
Gross operating profit	<u>4,624</u>	<u>2,955</u>	<u>(186)</u>	<u>98</u>	<u>4,438</u>	<u>3,053</u>
Finance charges	(608)	(569)	(284)	(74)	(892)	(643)
Share of profits of associates	-	-	166	103	166	103
Profit on sale of investments	75	-	1,813	895	1,888	895
Unrealised gain/(loss) on investments	-	-	797	(39)	797	(39)
Profit before income tax	<u>4,091</u>	<u>2,386</u>	<u>2,306</u>	<u>983</u>	<u>6,397</u>	<u>3,369</u>
Taxation	(461)	(272)	-	-	(461)	(272)
Net profit for the year	<u>3,630</u>	<u>2,114</u>	<u>2,306</u>	<u>983</u>	<u>5,936</u>	<u>3,097</u>
Total assets	<u>16,050</u>	<u>32,035</u>	<u>17,560</u>	<u>7,203</u>	<u>33,610</u>	<u>39,238</u>
Total liabilities	<u>9,842</u>	<u>21,941</u>	<u>5,829</u>	<u>1,552</u>	<u>15,671</u>	<u>23,493</u>

List of Shareholders holding 1% and above as on 31th March 2008

Sr.	Shareholder Name	No. of Shares	%
1	Fincorp Investment Co. LLC	22,574,290	25.49
2	Financial Services Co. Trust Gulf	17,995,800	20.32
3	Al Khonji Investment LLC	7,000,000	7.90
4	Mohamed & Ahmed Al Khonji Co.	4,457,470	5.03
5	Mohamed Hafeedh Al Dhahab	3,005,490	3.39
6	Oman Arab Bank, Assets Management, Trust Gulf	1,050,351	1.18
7	Oman Construction Co. LLC	889,295	1
TOTAL		56,972,696	64.31