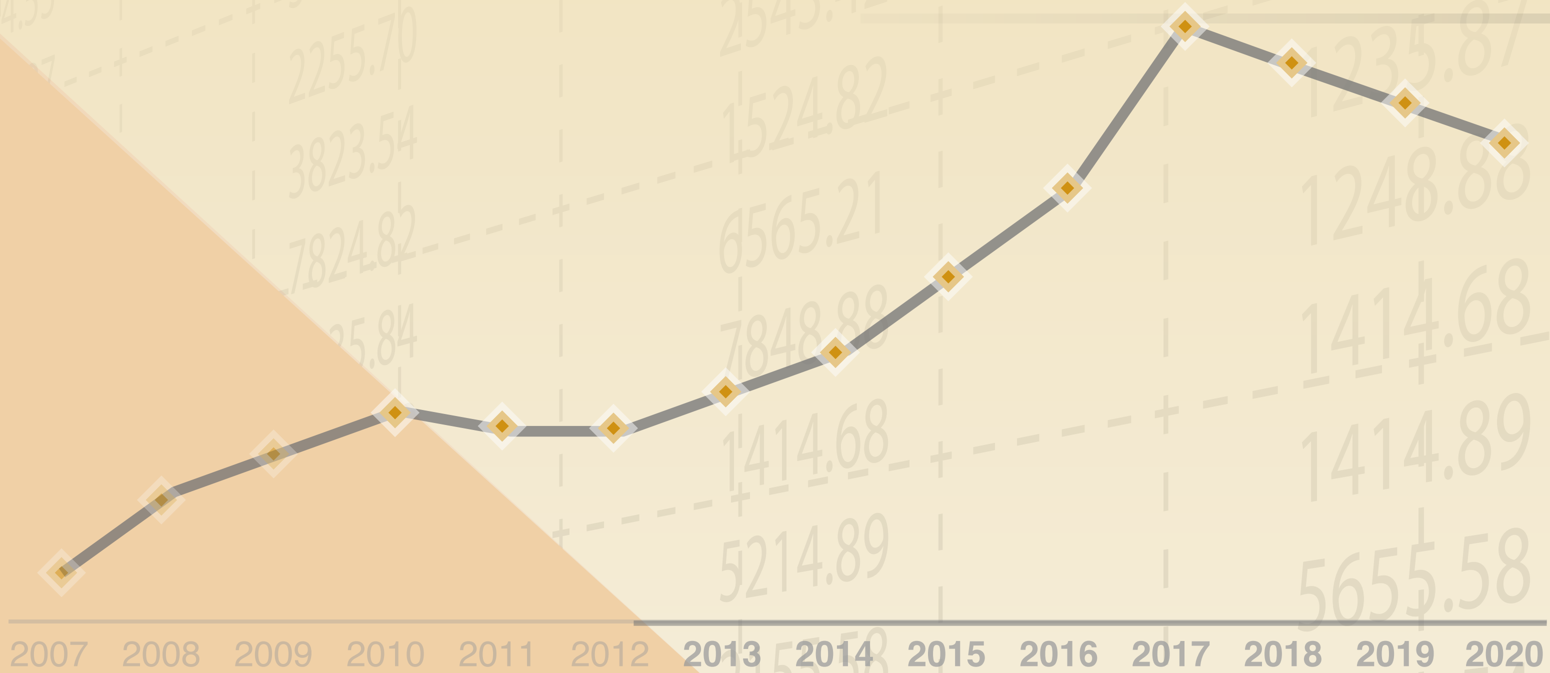
الأنــوار القــابضــة ش.م.ع.ع

AL ANWAR HOLDINGS SAOG

History of our shareholder's equity

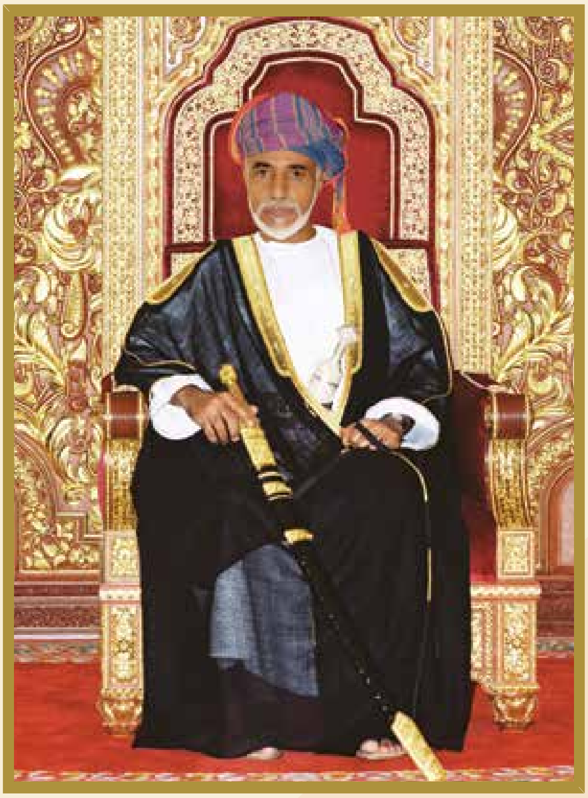


Annual Report

2020

Our business is Value creation for our shareholders

His Majesty
Sultan Haitham bin Tarik



Late His Majesty
Sultan Qaboos bin Said
may his soul rest in peace

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

VISION

Vision Statement:

To achieve excellence and be a leader amongst the investment companies in the Middle East following the Private Equity model and delivering value to all the stakeholders

MISSION

Mission Statement:

Support, create and nurture successful entities which create and enhance long term value for the stakeholders through:

- Investing in companies with scalable, creative and sustainable Business Model.
- Enhancing Corporate Governance and ensuring adequate systems and procedures.
- Focusing on execution and operational excellence.

VALUES

Our Core Values:

- We respect the individuals
- We care for our community
- We are honest in our communications
- We act with integrity

AL ANWAR HOLDINGS S.A.O.G

ANNUAL REPORT 2019 - 20

Registered office

P.O. Box: 468

Postal Code: 131

Al Hamriya

Sultanate of Oman

Principal place of business:

Villa No. 897, Way No. 3013

Shatti Al Qurum

Sultanate of Oman

Email : info@alanwarholdings.com

Website : www.alanwarholdings.com

CONTENTS

BOARD OF DIRECTORS

Masoud Humaid Al Harthy
Chairman

Qais Mohamed Al Yousef
Deputy Chairman &
Chairman Nomination Remuneration
& Executive Committe

Sheikh
Mohamed Abdullah Al Rawas
Director

Nasser Said Al Hadi
Director & Chairman
Audit Committee

Qaboos Abdullah Al Khonji
Director

Shabir Moosa Al Yousef
Director

Abdulredha Mustafa Sultan
Director

EXECUTIVE MANAGEMENT

Khalid Masud Ansari
Chief Executive Officer

Sanjay Tiwari
Chief Financial Officer

Manish Palande
Manager - Investment

Mubarak Said Al Ghazali
Manager - Administration& Compliance

Directors Report

For The Year Ended 31st March, 2020

Dear Shareholders,

On behalf of the Board of Directors, I have great pleasure in welcoming you to the 26th Annual General Meeting of Al Anwar Holdings SAOG (AAH). 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 2020.

Overview of the Group results

The summary of our results are as follows:

(OMR '000)	2019-20	2018-19
Total Income	2,029	2,004
Total Expenditure	(1,522)	(1520)
Profit before Fair value change	507	484
Fair value (loss) gain in financial assets	(330)	128
Net Profit	**177**	**612**

- The consolidated profit for the year ended 31st March 2020 was lower compared to previous year mainly due to fair value loss of OMR 330,000 in our marked to market investments in MSM and other investments at fair value. In addition, we recognized fair value loss in equity in the amount of OMR 228,000. Consequently, our total fair value loss at 31st March 2020, amounted to OMR 528,000. The MSM index dropped by 12.9% from 1st January 2020 to 31st March 2020 due to adverse impact of COVID-19 and Oil price decline.

- Our shareholders equity at 31st March 2020 was OMR 33 million and our total borrowings amounted to OMR 18 million. As on 31st March 2020, our Debt was 55% of our equity (Last year: 57%).
- The Earning per Share was 1 baizas for the year ended 31st March 2020 as against 3 baizas in the previous year.
- Net assets per share as at 31st March 2020 was 163 baizas per share as against 173 baizas for the previous year.
- Our share price at 31st March 2020 was 66 baizas, and was trading at 60% below the book value.
- During the year, we established the Al Anwar Industrial Investments SAOC to focus on the manufacturing sector and seek strategic partners to grow our manufacturing cluster.
- We will continue to focus on our three main sectors i.e. Financial Services, Manufacturing and Education.

Dividends

Our retained earnings as at 31st March 2020 was OMR 8.349 million, the Board of Directors recommend for shareholders' approval a cash dividend of 6% (last year: 10%).

Financial statements

The audited consolidated financial statements presented includes the following:

1. The results of Subsidiary Companies for the year ended 31st December, 2019 of the following:
   a) Al Anwar International Investment LLC, 100% subsidiary;
   b) Al Anwar Development LLC, 100% subsidiary; and
   c) Al Anwar Hospitality SAOC, 100% subsidiary in hospitality sector.
   d) Al Anwar Industrial Investments SAOC (under formation) 100% subsidiary.
2. The share of profit (loss) of Associate Companies for the year ended 31st December, 2019 (Al Ruwad International Education Services SAOC up to 31st January 2020) in which AAH owns between 20% and 50% of share capital or has significant influence.
3. Dividends from other investments.
4. Realized and unrealized gains / losses from other listed / unlisted securities.

Performance of Investments

Subsidiaries

1. Al Anwar International Investments LLC(AAII)

AAII owns investments of OMR 7,801,944 at 31st December, 2019.

2. Al Anwar Development LLC (AAD)

AAD owns investments of OMR 499,878 at 31st December, 2019.

3. Al Anwar Hospitality SAOC (AAHS)

We have entered into a Hotel Management Agreement with Accor Hotels for developing a 4 Star Business Hotel – NOVOTEL Muscat – Azaiba, near Airport, on a freehold land owned by us. Total development cost of the project is estimated to be around OMR 11.5mn to be funded by an optimum mix of debt and equity. We have now received all regulatory permissions.

4. Al Anwar Industrial Investments SAOC (under formation)

Al Anwar Holding SAOG established a closed joint stock company in the Sultanate of Oman together with Al Anwar International Investments LLC (AAII) and Al Anwar Development LLC (AAD) in accordance with the laws of the Sultanate of Oman, under the name of "Al Anwar Industrial Investments SAOC" ("Company").

The Company has been established with an objective to transfer all the manufacturing sector associates to this company as cluster and seek strategic investors up to 40% stake in the company's equity, to grow the cluster by acquisitions, mergers and enhancement of technology.

Associates

1. Al Maha Ceramics SAOG (AMC):

AMC reported revenue of OMR 7,440,084 for the year ended on 31st December 2019, as compared with OMR 8,436,617 for last year, a decline of 12%. Net profit after tax for the period is OMR 1,011,312 as compared to OMR 1,203,165 in the previous corresponding period, decrease of 16%, which is mainly due to general economic condition, competitive scenario and increase in cost of utilities.

2. Voltamp Energy SAOG (VE):

VE reported revenues of OMR 41,175,986, during the year ended on 31st December 2019, an increase of 4% as compared to last year due to improved performance of its Sohar facility. VE achieved profit after tax (attributed to shareholders of Parent Company) of OMR 342,759 during the year as compared to a profit of OMR 31,067 in last year for the same period. During the year company initiated many cost control initiatives which helped the company to secure orders in the competitive market and increasing the profits of the company.

3. Arabia Falcon Insurance Company SAOG (AFIC):

AFIC recorded Gross Written Premium of OMR 16,904,632 during the year ended on 31st December 2019 as compared to OMR 16,065,241 for the last year same period, a growth of 5%. The Net profit after tax of company for the period is OMR 1,122,144 against OMR 1,040,713 of last year, a growth of 8%. AFIC has been consciously restructuring its portfolio to phase-out large loss-making accounts coupled with concerted efforts to write new businesses. The measures taken by the management has resulted in considerable reduction in overall net claims ratio to 49% in 2019 from 64% in 2018.

4. Al Ruwad International for Education Services SAOC (AIS):

AIS recorded decline in revenue and profit before tax in the half year ended on 31st January 2020, mainly due to student migration to school with lower fees and change of curriculum instructed by MOE. Phase 2 of the expansion project is being utilized for the academic year 2019-20. The International Baccalaureate (IB) curriculum, IBDP has been authorized and IBPYP and IBMYP authorizations visits are expected to be concluded by October 2020.

5. National Biscuits Industries Ltd. SAOG (NABIL):

NABIL reported revenue of OMR 6,932,406 for the half year ended on 31st December 2019 as against OMR 6,175,030 in the corresponding period of last year, a growth of 12% over last year. The net profit for the half year is at OMR 438,589 as against OMR 335,620 for the corresponding period in the previous year, a growth of 31% over last year. The NABIL brand enjoys a significant brand image in Oman market and a good brand presence of across the GCC and the other countries.

6. National Detergent Co. SAOG (NDC):

NDC reported revenues of OMR 19,689,541 and net profit of OMR 620,521 for the year ended on 31st December 2019 exhibiting a decline of 8% on revenue and decline of 30% on Net profit over last year. The reduction was a result of falling demand in its core GCC markets. The flagship brand BAHAR maintained its premier market position in Oman.

7. Oman Chlorine SAOG (OC)

OC reported revenue of OMR 15,046,017 for the year ended on 31st December 2019 displaying a growth of 20% over the same period of last year. Net loss (Attributable to Parent Company Shareholders) for the year is OMR 154,566 as compared to profit of OMR 1,592,123 for the last year, mainly on account of loss reported by the subsidiary located in UAE and Qatar.

Union Chlorine LLC, UAE, a subsidiary, posted loss of OMR 1,528,395. The parent company's share of loss, including that of its 100% subsidiary's share, is OMR 915,508. The continued lower selling prices of the products and weak global prices for caustic lye and caustic flakes resulted in lower revenue and loss during 2019 despite capacity utilisation remaining at optimal level. The Calcium Chloride Project commenced commercial operation from 1st April 2019.

Gulf Chlorine WLL, Qatar, a subsidiary, has commenced commercial production of its main plant from 27th February 2019. The company posted loss of RO 1,701,751 and parent company's share of loss amounted OMR 867,893. The plant is currently operating at capacity utilization of 47.5% which is the main reason for losses.

Other significant investments

1. Ominvest perpetual bonds

Ominvest perpetual bonds are with an interest rate of 7.75% per annum payable twice a year in June and December. The rate is guaranteed for 5 year and there after the rates will be reset based on an agreed formula. For the year ended as on 31st March 2020, AAH earned the interest amounting to approximately OMR 916,000.

2. Dhofar International Development and Investment Co SAOG (DIDIC)

We have an equity stake of 8.53% in DIDIC as at 31st March 2020. The investment was carried at market value of OMR 6,223,180. During the year we purchased 1 Million DDIDC Bonds at interest rate of 9% per annum, at 31st March 2020, the accrued interest recorded amounted to approximately OMR 26,000.

Omanization

AAH Group has always been fully committed of recruiting and training Omani employees and developing and promoting the local talent. AAH Omanization level at 31st March 2020 was 45%.

The year ahead

We foresee a challenging year ahead due to temporary suspension of public activities to contain the COVID-19 pandemic In Oman and around the world, and the significant drop in oil prices due to a number of political and economic factors.

Although, the Government of Oman has taken measures and issued directives to support businesses and the economy at large, these conditions have significantly impacted the economic and business environment in which the Group operates. The situation, including the government and public response to the challenges, continues to progress and rapidly evolve.

Though, the group cannot estimate the length or gravity of the impact of the COVID – 19 outbreak at this time, we are well diversified and resilient and we are cautiously optimistic of a satisfactory performance in the coming year. Our objective will be to ensue that our associate companies continue to perform profitably and we as a Group preserve the value of our investments and retain liquidity in the business.

Acknowledgement

We wish to express our condolences to the Omani people for the demise of the late Sultan Qaboos Bin Said Bin Taimur the establisher of the Omani renaissance. We also express our loyalty to His Majesty Sultan Haitham Bin Tarik. May Allah protect him and guide him for the benefit of Oman and its people.

The Board records its sincere appreciation to Ministry of Commerce and Industry, Capital Market Authority, Muscat Securities Market, Bankers, Auditors, Customers and Shareholders for their continued support to AAH and the group companies.

I would also like to express my sincere appreciation to the Board of Directors of all Al Anwar Group companies for direction given to the managements of the respective companies. I place on record my sincere thanks and appreciation for the dedicated efforts of the management team and all employees of the group companies.

I would also like to convey my sincere thanks to the shareholders of Al Anwar Holdings 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 bin Humaid Al Harthy
Chairman

Building a better working world

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5th Floor, Landmark Building
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muscat@om.ey.com
ey.com/mena
C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

REPORT OF FACTUAL FINDING
TO THE SHAREHOLDERS OF AL ANWAR HOLDINGS SAOG

We have performed the procedures agreed with you pursuant to the Capital Market Authority's (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' corporate governance report of Al Anwar Holdings SAOG (the "Company") as at and for the year ended 31 March 2020 and its application of the corporate governance practices in accordance with amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code"). Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the extent of the Company's compliance with the Code as issued by the CMA and are summarized as follows:

1) We obtained the corporate governance report (the "report") issued by the Board of Directors and checked that the report of the Company includes as a minimum, all items suggested by the CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in Annexure 3; and

2) We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 March 2020. The Company's Board of Directors has not identified any areas of non-compliance with the Code.

We have no exceptions to report in respect of the procedures performed.

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

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

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of Al Anwar Holdings SAOG to be included in its annual report for the year ended 31 March 2020 and does not extend to any financial statements of Al Anwar Holdings SAOG, taken as a whole.

Ernst & Young LLC

ارنســت ويونــغ ش م م
ERNST & YOUNG LLC
C.R. No. 1224013
P.O. Box 1750 - P.C. 112, Sultanate of Oman

Muscat
9 June 2020

AL ANWAR HOLDINGS SAOG

Report on Corporate Governance for the year ended March 31, 2020

1. Company philosophy

The principles of Corporate Governance mainly deal with the way companies are led and managed, the role of the Board of Directors and the framework of internal controls. At Al Anwar Holdings, the Board supports the highest standards of Corporate Governance. The Board of Directors is responsible for approving and monitoring the Company's overall strategy and policies, including risk management policies, control systems, business plan and annual budget. The Management is responsible to provide the Board with appropriate and timely information to monitor and maintain effective control over strategic, financial, operational and compliance issues. The Board confirms that Al Anwar Holdings applies the principles set out in the Capital Market Authority's (CMA) Code of Corporate Governance for Public Listed Companies (the "Code") and other rules and guidelines issued by the CMA from time to time.
We follow "International Financial Reporting Standards (IFRS)" in the preparation of accounts and financial statements.

2. Composition of the Board of Directors

During the year ended 31st March 2020, the Board consisted of seven directors who have varied backgrounds and experience and who individually and collectively exercise independent and objective judgement. The composition and the independence of the board of directors is in accordance with the Code. The members were elected to the Board at the Annual General Meeting held on 24th June 2018 for a term of 3 years.

Director	Position	Independent / Non-Independent	Mode of Representation
Brig (Rtd.) Masoud Humaid Al Harthy	Chairman	Non-Independent	Himself – Shareholder
Mr. Qais Mohamed Al Yousef	Deputy Chairman	Non-Independent	Fincorp Investment Company LLC
Mr. Shabir Moosa Al Yousef	Director	Non-Independent	Himself – Shareholder
Mr. Abdulredha Mustafa Sultan	Director	Non-Independent	Himself – Shareholder
Mr. Qaboos Abdullah Al Khonji	Director	Non-Independent	Al Khonji Invest LLC
Sheikh Mohamed Abdullah Al Rawas	Director	Independent	Himself – Non-shareholder
Mr. Nasser Said Al Hadi	Director	Independent	Himself – Non-shareholder

3. Meetings of the Board

The Board met five times during the year. The meetings were held on 8th May 2019, 18th June 2019, 1st August 2019, 13th November 2019 and 10th February 2020.

Sr.	Name of the Director	Position	AGM held on 2nd June 2019	No of Meetings attended			Number of directorships in other listed companies
				Board	NR&EC	AC	
1	Brig (Rtd.) Masoud Humaid Al Harthy	Chairman	Yes	5	-	-	2
2	Mr. Qais Mohamed Al Yousef	Deputy Chairman and Chairman of NR&EC	Yes	5	5	-	2
3	Mr. Nasser Said Al Hadi	Director and Chairman of AC	Yes	5	-	4	0
4	Mr. Abdulredha Mustafa Sultan	Director	Yes	5	-	4	3
5	Mr. Shabir Moosa Al Yousef	Director	Yes	5	5	-	3
6	Mr. Qaboos Abdullah Al Khonji	Director	Yes	5	5	-	3
7	Sheikh Mohamed Abdullah Al Rawas	Director	Yes	5	5	4	1

The Meeting attendance fees paid to the members for each meeting attended is as follows: (i) Chairman – OMR 1,700, (ii) Deputy Chairman – OMR 1,300, (iii) Other Members – OMR 1,200

4. Board Committees:

The Nomination, Remuneration & Executive Committee (NR & EC)

NR & EC is a sub-committee of the Board consists of following four directors:

Mr. Qais Mohamed Al Yousef	Chairman
Mr. Shabir Moosa Al Yousef	Member
Mr. Qaboos Abdullah Al Khonji	Member
Sheikh Mohamed Abdullah Al Rawas	Member

The NR&EC is delegated powers and authority to facilitate the smooth running of the operations of the Company and exercise all of the responsibilities of the Board which are beyond the authority of the management and within the limits set out in the Manual of Authority approved by the Board. The Committee also assist the general meeting in the nomination of proficient directors and the election of the fit for the purpose, assist the Board in selecting the appropriate and necessary executives, provide succession planning for the executive management and Board chairman and fixing the appropriate remuneration and incentives for the executive management.

The NR&EC is governed by the terms of reference (Charter) approved by the Board. The working plan of the committee is approved by the Board.

The NR & EC met five times during the year on 7th May 2019, 2nd & 18th June 2019, 26th November & 9th December 2019, 26th February 2020 and 15th March 2020.

The Meeting attendance fees paid to the members for each meeting attended was OMR 800 for Chairman and OMR 700 for Members.

Audit Committee

The Audit Committee (AC) is a sub-committee of the Board, comprising of the following three non-executive directors, who are appointed by Board:

Mr. Nasser Said Al Hadi	Chairman
Mr. Abdulredha Mustafa Sultan	Member
Sheikh Mohamed Abdullah Al Rawas	Member

The Audit Committee is constituted in accordance with the provision of the Corporate Governance requirement. Audit Committee Chairman is an Independent Director and majority of the members are Independent Directors.

All the members are experienced and have good knowledge of accounts and finance. The terms of reference (Charter) of the Audit Committee are in accordance with the guidelines given by CMA. The working plan of the committee is approved by the Board.

Major areas covered by the Audit Committee are matters concerning

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

The Audit Committee met four times during the year on 8th May 2019, 1st August 2019, 11th November 2019 and 5th February 2020.

5. Brief Profile of the Directors

Rtd. Brig. Masoud Humaid Al Harthy

He is a retired brigadier from the Royal Guard of Oman. Mr. Masoud holds a Bachelor Certificate in Army Science Management with an experience of 37 years in military services. Mr. Masoud is Chairman of Al Maha Ceramics SAOG in addition to being Board member in several other Companies including Oman Chlorine SAOG.

Mr. Qais Mohamed Al Yousef

He is post-graduate with Master's in Management (Business) from Stanford University's Graduate School of Business, USA. He is presently holding the position of Chairman of OCCI and CEO of Al Yousef Group LLC. He is also Chairman of Voltamp Energy SAOG and Oman Chromite SAOG, and Directors in several companies operating in various sectors of the economy. Previously, he was also Chairman of Gulf Commercial Bank in Pakistan for four years. He is also a board member of The Research Council, Public Authority for Social Insurance and The Public Authority for SME Development

Mr. Shabir Moosa Al Yousef

He holds a Master of Research in Economics from University of Essex (UK), MBA in Finance from University of Lincolnshire & Humberside (U.K), Master of Science from Colorado School of Mines (U.S.A), and Bachelor's Degree in Electronics and Communications from Sultan Qaboos University.
He held positions of Chief Executive Officer of Oman Investment & Finance Co. SAOG, General Manager of Damac Holding U.A.E, Group General Manager of Premier Logistics Group LLC, General Manager of Truck Oman LLC, and a Petroleum Engineer post in Petroleum Development Oman (PDO).
Currently he is the deputy chairman of Arabia Falcon Insurance Company SAOG, Board member in Al Maha Ceramics Co. SAOG, Oman Chlorine SAOG, Union Chlorine LLC and CACTUS Premier Drilling Services SAOC.
Previously, he was Board member of Bank Sohar SAOG, Taageer Finance Co. SAOG, Financial Corporation Co. SAOG, Chairman of National Aluminum Products Company SAOG.

Mr. Abdulredha Mustafa Sultan

He holds a Bachelor's Degree in Commerce majoring in Finance from San Diego State University, USA. He is a Deputy Chairman of Al Jazeera Services Co. SAOG, Deputy Chairman of Al Maha Ceramics and board member of Voltamp Energy SAOG and Almondz Global Securities Limited (India). He is the Managing Director in Mustafa Sultan Enterprises LLC. He is a member of the Young Presidents' Organization. He is also the Honorary Council of Finland In Oman.

Mr. Qaboos Abdullah Al Khonji

He Holds a Diploma in Business Administration from US. He has previously held position of General Manager in Moosa Abdul Rahman Hassan & Co. and at present he is the Deputy Chairman of Al Khonji Invest LLC and CEO of Al Binaa Construction and Al Khonji Real Estate (Better Homes). He also holds Directorship in some of the prominent SAOG Companies in Oman including Al Maha Ceramics SAOG, Oman Hotel & Tourism Co. SAOC, and Financial Corporation SAOG.

Sheikh Mohamed Abdullah Al Rawas

He holds the honorary doctorate in business administration from the University of Luton in December 2005. He is the first person in Asia and the Middle East to get this doctorate from this prestigious University for his efforts in the higher education in the Sultanate of Oman, during his chairmanship of the Presidency of the Majan College University. He holds Bachelor of business administration (finance and investment – Faculty of Commerce, Cairo University). He is also a board member in several companies including Oman Aviation Services Company SAOC and Oman & Emirates Investment Holding Company SAOG.

Mr. Nasser Said Al Hadi

He has over 23 years of experience in business and finance. He has worked with different banks and many prestigious investment companies in senior management position. He is currently the CEO of the National Skill Company. He has co-founded several companies in Oman and is a board member at these companies. He had participated in many international conferences related to investment and capital markets.

6. Process of nomination of the Directors

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

7. Management

The members of the management of the company are appointed with proper contracts clearly defining the terms of reference.

8. Brief profile of top management personnel with executive powers

Khalid M Ansari, Chief Executive Officer

Khalid M Ansari, is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He started his career in KPMG in England in 1980. He moved to KPMG office in Oman (previously known as Peat Marwick Mitchell &Co.) in 1986 and left the firm on 30 September 2018. He was the Partner in Charge of the firm. Khalid has developed extensive business experience in Oman over the last 33 years. He has been advising and assisting public listed & private Companies and Government entities in implementing numerous projects, some of which are of national importance. He has also developed strategies for a large number of companies.

Sanjay Tiwari, Chief Financial Officer

Sanjay Tiwari is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India and a graduate in Commerce. He has 31 years of experience in industries ranging from Textile, Cement, Tyre & Engineering to FMCG. He has in-depth knowledge of the Middle East, South East and South Asian markets. His core expertise has been to monitor and manage operations of varied industries from financial and commercial viewpoints. He has worked in some of the leading companies in India, UAE and Oman.

Manish Palande, Investment Manager

Manish Palande is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India. He has over 15 years of experience in the buy-side/independent research and funds management in Indian, US and GCC capital markets. Involved in end-to-end Private-Equity transactions involving acquisition / divestiture / refinance work flow from deal sourcing transaction structuring, valuations, financial modeling, deal diligence, fund raising, portfolio company management and timely exit. Before joining Al Anwar Holdings, Manish has worked with leading independent research houses and family offices in India managing the equity portfolios.

Dhiraj Chidwal, Manager – Internal Audit & Risk Management

Dhiraj Chidwal is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India and Certified Public Accountant (CPA) from USA. He has more than seventeen years of experience in the field of Internal Audit, Finance and Accounting. Prior to Al Anwar, he worked for one of leading private bank in India as Chief Manager, Internal Audit. He has extensive experience in the Internal Audit of Banking and Finance sector.

Mubarak Al Ghazali, Manager - Administration & Compliance

Mubarak Al Ghazali is young dedicated, hardworking Omani. He has 24 years' experience in Insurance, management, HR, administration and compliance. He has been working in Al Anwar Holdings SAOG since 2005. Mubarak holds General Diploma certificate and a certificate in Human Resource Management. He attended several training courses, workshops and conferences in various fields like Human Resource, Executive Management skills and Effective Leadership. He also attended many workshops organized by Muscat Securities Market and Capital Market Authority and other government bodies.

9. 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 manage ment for every quarter, reviewed by the Audit Committee, approved by the Board, are forwarded to CMA and also published in the Newspapers as per the directives of CMA. Copies are made available to shareholders on request. Results are also uploaded on the website of Muscat Securities Market (MSM).

c) Pursuant to the Executive Regulations of the Capital Market Law, AAH has disclosed the initial quarterly and annual un-audited management results within 15 days from the end of the period.

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

e) The Company had a penal discussion session with investor/analyst at CMA hall on 25th February 2019.

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

10. Remuneration matters

a) The meeting attendance fee was paid as per the remuneration fixed by the Board. A total of OMR 50,000 (FY 2018-19: OMR 42,700) was paid to Directors for meetings attended during the period 1st April 2019 to 31st March 2020.

b) A sum of OMR 840 (FY 19-2018: OMR 3,153) was reimbursed to Directors towards trav elling expenses for attending the meetings in addition to above mentioned sitting fees.

c) The remuneration for the employees is, after critical evaluation, fixed by the Board, based on qualification, expertise and efficiency of the executives. The total remunera tion of the top five employees for Financial Year 2019-20 was OMR 257,000 (The top five for FY 2018-19: OMR 252,000).

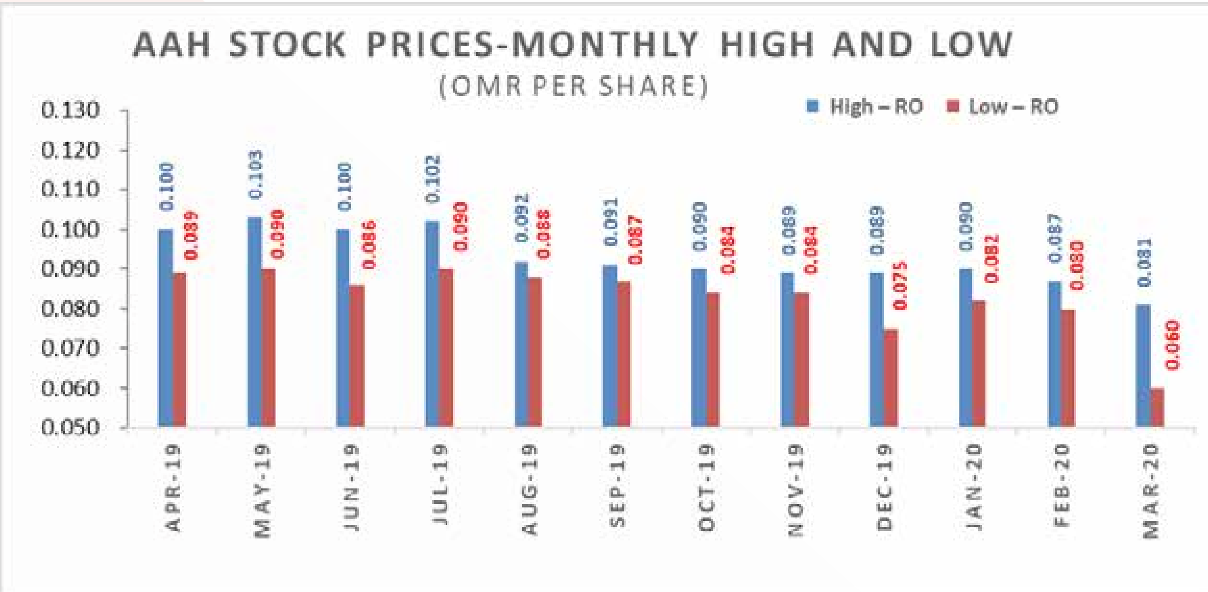
d) The Board did not approve any Directors' remuneration for the year 2019-20 for want of sufficient profit after tax. (FY 2018-19: OMR NIL).

11. Details of non-compliance by the company

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

12. Market price data

The monthly high and low share price of the company during the financial year ended 31st March 2020 was as under:



13. Distribution of Shares

The share holding pattern as on 31st March 2020 is as given below:

Distribution	No of Shareholders	age of Share- % holders	No of Shares	age of No. of% Shares
1 to 50,000	1,572	84%	13,568,856	7%
50,001 to 100,000	107	6%	7,906,620	4%
100,001 to 200,000	84	4%	12,292,204	6%
200,001 to 500,000	65	4%	20,204,178	10%
500,001 & Above	39	2%	146,028,142	73%
Grand Total	**1,867**	**100%**	**200,000,000**	**100%**

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

14. Corporate Social Responsibility (CSR)

Al Anwar Holdings committed to support the society and environment. AAH has extended its support to Ministry of Health and Oman Chamber of Commerce to fight with COVID 19 epidemic in Oman and also a broad range of other charitable organizations as well as programs and events that have helped improve the lives of the disabled, orphans and the underprivileged across the Sultanate.

During the year AAH has spent OMR 25,000 on CSR activity as approved by the shareholders in the AGM dated 2nd June 2019. In addition, the Company has paid RO 22,500 in advance from the next year budget to Ministry of Health and Oman Chamber of Commerce to fight with COVID 19 epidemic.

15. Professional profile of the statutory auditor

EY is a global network of firms in assurance, tax, transaction and advisory services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923 and employs over 7,000 professionals. EY has been operating in Oman since 1974 and is one of the leading professional services firms in the country. EY MENA forms part of EY's EMEIA practice, with over 4,889 partners and approximately 124,318 professionals. Globally, EY operates in more than 150 countries and employs 328,597 professionals in 700 offices. Please visit ey.com for more information about EY.

Fees for audit of financial statements for the year ended 31 March 2020 and compliance with Code of Corporate Governance OMR 9,500.

16. Internal Auditor:

Company has a full time qualified and experienced Internal Auditor who works under the supervision of the Audit Committee. External quality assessment of the Internal Audit Unit (IAU) has been carried out during the year and we are glad to inform that their overall assessment is that the activities of IAU "Generally Conforms" with the Standards and the Code of Ethics as per guidelines issued by The Institute of Internal Auditors (IIA).

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

This report is prepared in compliance with the Code of Corporate Governance and covers all the items specified in Annexures 3 of code of Corporate Governance issued in July, 2015 and updated in December, 2016.

18. Acknowledgement by Board of Directors

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

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

The Board of Directors, through the Audit Committee's consideration of the results of the internal audit work and discussions with the external auditors, together with their examination of periodic management information and discussions with the management, have reviewed the operation of internal controls during the year ended 31st March 2020. The Board of Directors has concluded based on this that internal controls operated effectively throughout the year.

Masoud Humaid Al Harthy **Chairman**	**Nasser Said Al Hadi** **Chairman Audit Committee**	**Khalid Ansari** **Chief Executive Officer**

الأنـــوار القـــابضـــة ش.م.ع.ع

AL ANWAR HOLDINGS SAOG

Group Structure

فولتامب VOLTAMP	24.68%
الشركة الوطنية للمنظفات ش.م.ع.ع THE NATIONAL DETERGENT COMPANY	25.24%
المها Al Maha Ceramics للسيراميك	23.74%
نبيل Nabil	29.22%
almondz the financial powerhouse	11.95%
عمان كلوريد ش.م.ع.ع OMAN CHLORINE S.A.O.G.	22.15%
AIS Alruwad International School مدرسة الرواد العالمية	43.51%
Arabia Falcon Insurance التأمين العربية فالكون	22.62%
	8.05%
SPC	11.50%

Al Anwar Holdings SAOG (Al Anwar)
was incorporated on 20th December, 1994 as a publicly listed company on Muscat Securities Market (MSM). Over the last twenty-five years, we have built successful companies and exited some of them through stake sales or flotation.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

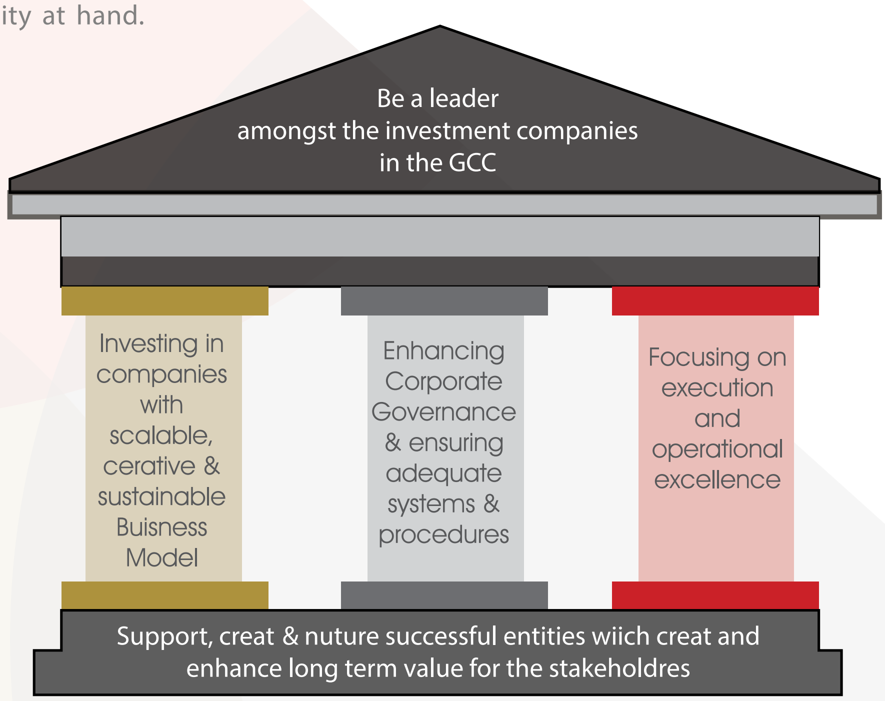
INVESTMENT STRATEGY: CLEAR, DIFFERENTIATED AND PROVEN

Private-Equity & Private Investment in Public Enterprises (PIPE) model of owning and investing in private companies with the intention of growing them and improving their business performance forms the core of Al Anwar's investing framework.

At Al Anwar, we crave for efficiency. And to achieve our goals, we follow an approach emphasizing investing in businesses run by cost-conscious and efficient managers.

After the investment, our role is to create an environment in which our entrusted CEOs can maximize both their managerial effectiveness and generate value for shareholders.

Our flexibility in capital allocation and willingness to carry out bolt on acquisitions, gives us a significant edge in the market. We are judicious in having ownership stakes with respect to getting a controlling/non-controlling/significant minority stakes in businesses, depending on the nature of opportunity at hand.



GULF CO-OPERATION COUNCIL (GCC) ECONOMIC LANDSCAPE:

- GCC markets, with the exception of Oman, registered a positive performance in 2019, mainly driven by market inflows in Saudi and Kuwait on the back of MSCI and FTSE indices inclusions.
- Regionally governments continue to announce schemes to spur economic growth.
- The key development for 2019 besides the flows in KSA was the IPO of ARAMCO which sailed thru smoothly just before year end. The listing created history as it surpassed $25b to become the largest company globally.
- The market performance of the regional markets for 2019 was as follows;

Abu Dhabi	Bahrain	Dubai	Kuwait	Oman	Qatar	Saudi Arabia
3.3%	20.4%	9.3%	23.7%	-7.9%	1.2%	7.2%

- Volumes across GCC remained buoyant during the last quarter, especially during its initial half as local institutions supported the market.
- The key markets such as Saudi Arabia, Kuwait, Abu Dhabi and Qatar witnessed sizable inflows from the foreign investors especially during the first nine months of 2018. This along with relaxation of foreign ownership limits in Qatar and inclusion of Kuwait and Saudi Arabia into the global indices such as MSCI and FTSE benefited the markets.
- The GCC economies with their recent reforms and borrowings have managed to improve the liquidity. Government spending and corporate performance could help the medium to long term outlook.
- As we move ahead in 2020, the sharp fall in crude oil prices in March 2020 to below $30/bl and the spread of COVID-19 across the region and the world, pose serious economic and fiscal challenges on the GCC economies whose benchmark equity indices recorded massive sell-offs pushing markets to multi-year lows as equity investors fear that low oil prices will weigh on Govt. revenues.
- Sovereign debt issued by oil exporting GCC countries took a hit from the oil price crash. Yields of all six GCC countries shot up widening the CDS spreads and spreads with US 10yr treasury yields.
- GCC countries, in their announced budgets for the year 2020, have factored in average prices of USD 55 to 65 per barrel, which at present means there will be a significant shortfall on revenue estimates, unless oil prices recover. To combat these current low oil prices GCC countries may resort to restrictions on government expenditures.

OMAN ECONOMY AND OUTLOOK:

The year 2019 was characterized by Government's efforts to diversify the economy.

The Oman Government has announced a Budget for 2020 with a fiscal deficit. In the 2020 budget, total income is estimated at OMR 10.7 billion and expenditure is budgeted at OMR13.2 billion, increase of 2% compared to last year, with the budgeted deficit estimated at OMR 2.6bn, which is 9% of Oman's estimated GDP for 2019. The budget is based on the oil price of $58 per barrel. The deficit will be mainly financed through external borrowings. Oman has introduced Excise tax on certain items and has plans to introduce VAT in 2021.

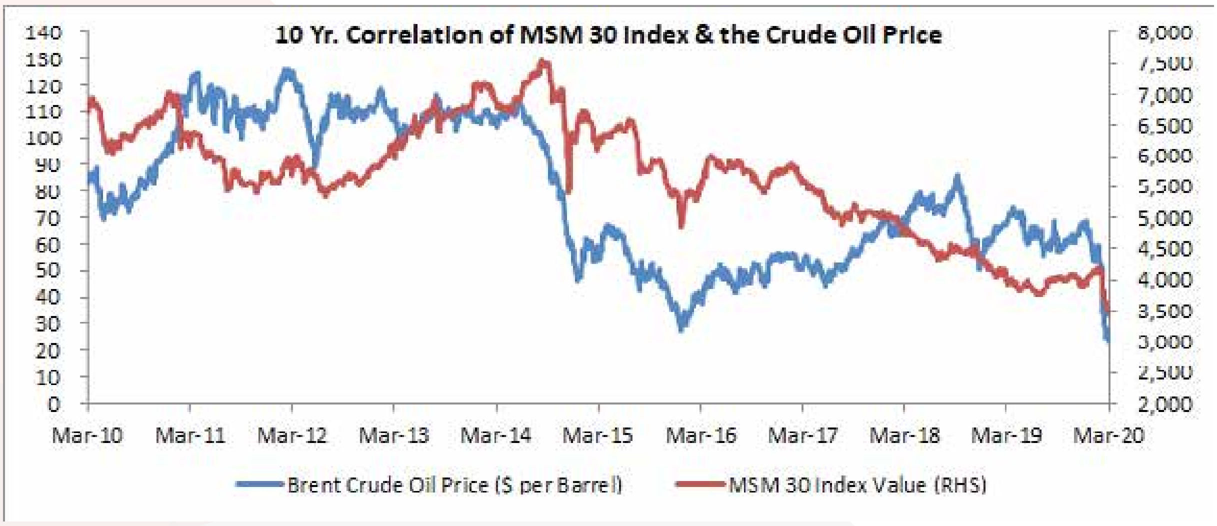
With the fall in Crude oil prices and the estimated impact of COVID-19 on the macro economic scenario, Credit rating agencies Fitch (downgraded from BB+ to BB with a negative outlook) and Moody's (downgraded from Ba1 to Ba2 with a stable outlook) downgraded Oman's ratings in March 2020 and expect Oman's fiscal deficit to widen to over USD10 billion (around 16% of GDP) in 2020.

It is expected that the government will strengthen and accelerate the implementation of its planned medium-term fiscal adjustment plan under the National Program for Fiscal Balance (Tawazun) to offset some of the hydrocarbon revenue loss along with the privatization of government entities in the coming months.

The government has so far announced a 5% cut to approved budgets for civil, military and security agencies, equivalent to around 1.6% of GDP, as well as spending cuts for state-owned enterprises. Rating agency "Moody's" expects further spending cuts, assumes a small increase in oil production and higher dividends from state-owned enterprises, which will both contribute to reducing the decline in fiscal revenues resulting from lower oil and gas prices

PERFORMANCE OVERVIEW OF MUSCAT SECURITIES MARKET (MSM):

For the last 3 years MSM 30 Index declined by over 38% from 5,597 in April 2017 to 3,448 in March 2020. The MSM has performed negatively in 2019 and dropped 7.9% compared to the previous year. The decline was seen across the board with all three sectoral indices seeing a fall during the year. Historically MSM has a high co-relation to the oil prices, depicted as follows:



Market Capitalization by Sector (OMR Billions)

Description	Mar-18	Mar-19	Mar-20
Banking and Investments	3.82	3.71	3.91
Services	2.80	2.14	1.83
Industry	1.14	0.85	0.76
Total Market capitalization	**7.76**	**6.70**	**5.77**

Since march 2018 the total market capitalisation of MSM reduced by approximately OMR 2.0 billion

The trading activity on MSM Index witnessed a decrease of 6.5% in average daily traded value for the year 2019 at RO 2.9 million as compared to RO 3.1 million in 2018.

OPPORTUNITIES

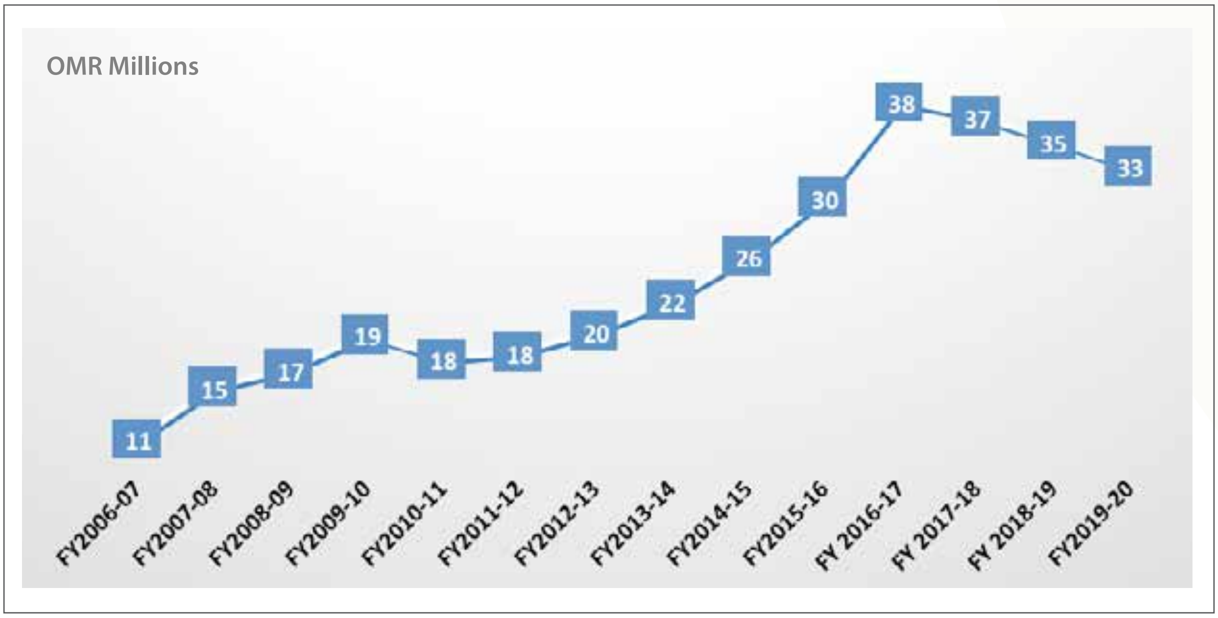
Al Anwar remains cautiously optimistic on the Oman economy and the potential to invest in our chosen sectors.

We are aware that the current economic environment represents an opportune time to acquire businesses which has synergy with our associates. As a nimble company with a strong balance sheet, we believe that Al Anwar is in a robust position to take advantage of attractive opportunities.We as an Investment holding company have always looked for growth businesses with a penchant for value investments.

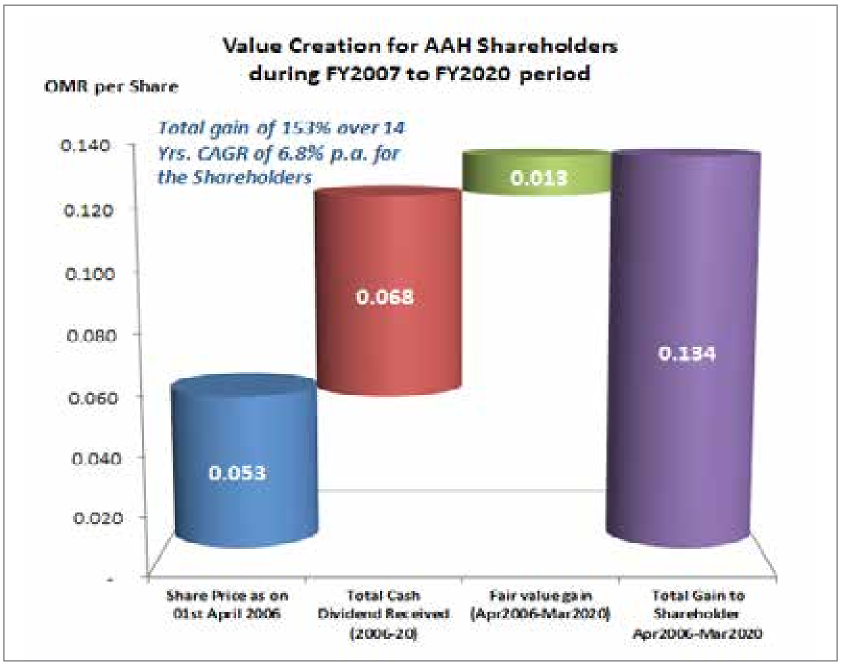
We have a fully engaged board, an exceptional management team and a strong corporate culture. Challenges still exist, and there's always room for improvement, but as we head into our financial year ending 31st March 2021, we remain proud of these accomplishments and are optimistic about the future.

PERFORMANCE ANALYSIS

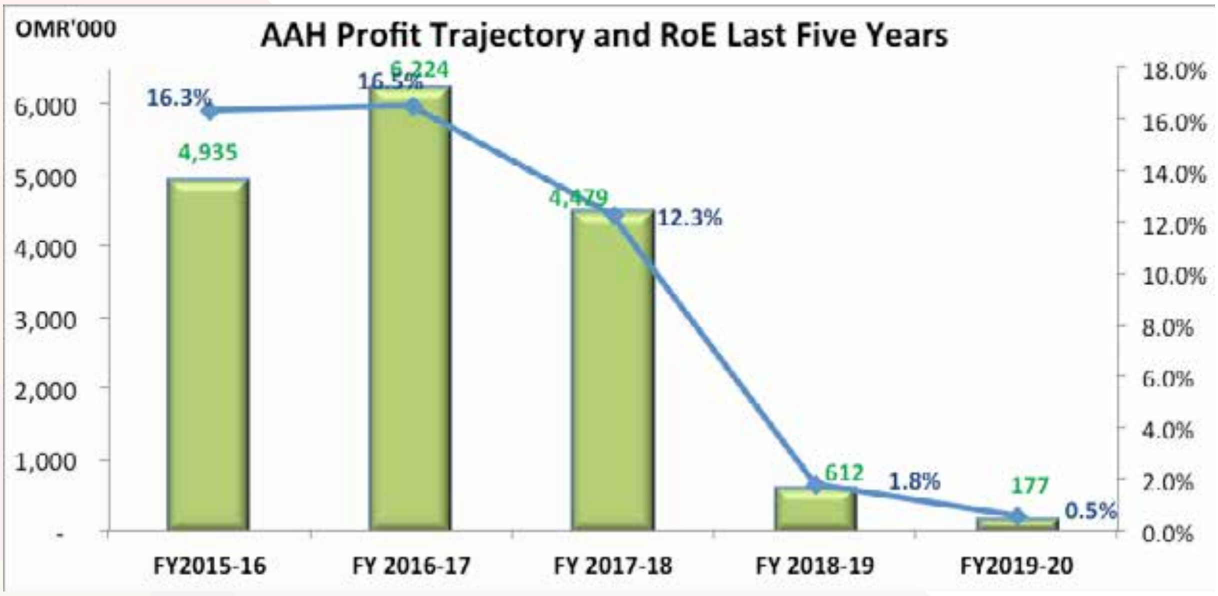
Long Term Growth Trajectory of AAH
Consolidated Shareholder›s Equity (2007-2020)



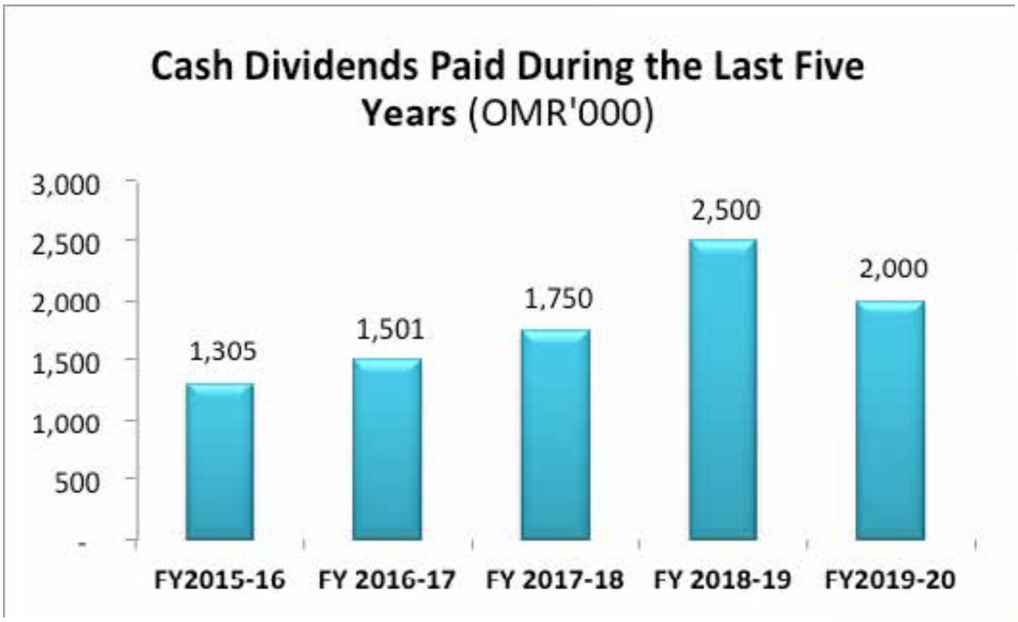
Historical share prices & cash dividends adj. for stock dividends



- During the the period FY 2006-07 to FY 2019-20, shareholders of AAH have generated total return of 153% (cash dividends received + change in share price), which is around 7% p.a. CAGR.
- It should be noted that the market value as of 31st March 2020 is at the lowest level in the last seven years.

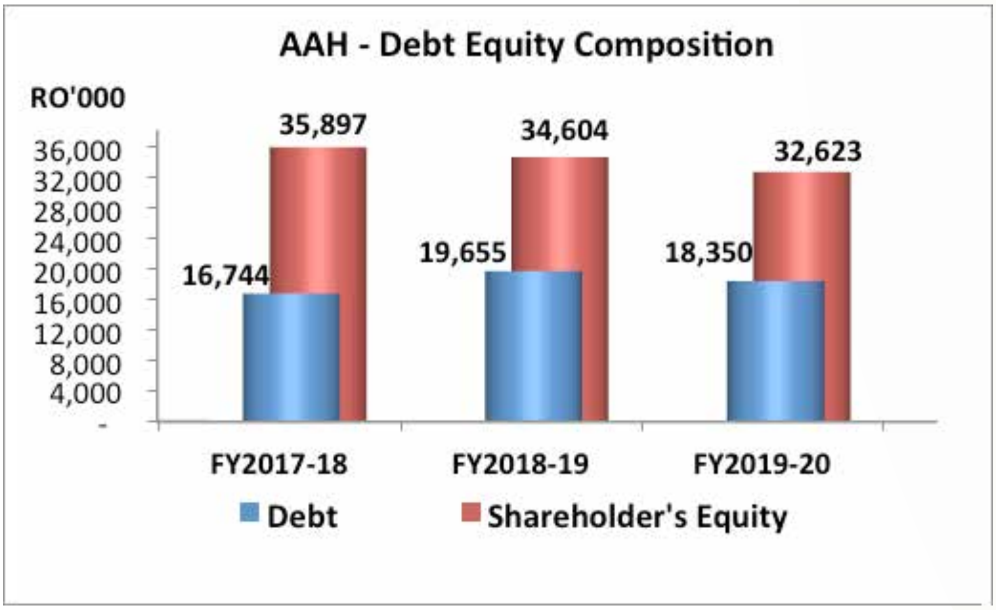


The profitability for the year ended 31st March 2020 was impacted mainly due to absence of any major transaction in our investment portfolio, reduction of profits in our Associates, and the negative impact of all our marked to market investments in MSM.



Owing to the inherent balance sheet strength and comfortable Debt/Equity position, AAH continues to reward its shareholders with healthy cash dividends.

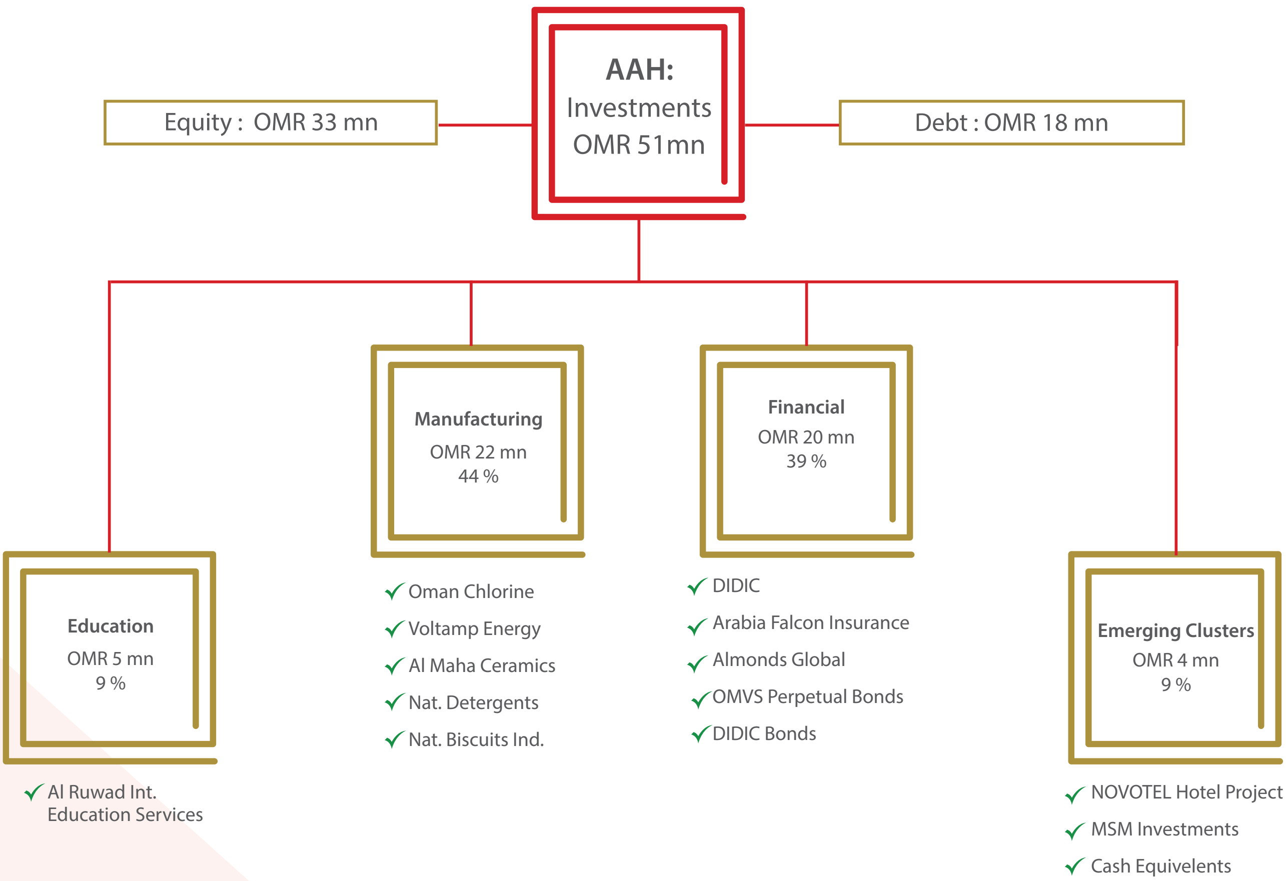
Growth in our investment portfolio over the years has been achieved whilst maintaining a manageable leverage position. As of 31st March 2020, our Debt/ Equity ratio was 0.56.



Al Anwar maintains a cautiously optimistic approach with the core focus on financial services and industrials and continue to deliver on business simplification, regulatory requirements, controls, expense discipline and capital requirements. Going forward, in continuance of prudent policy framework, we will align the growth strategies accordingly.

Al Anwar has a very focussed approach to its investments. We have a very strong manufacturing cluster which has constantly produced good returns. Our other clusters are financial services which is a mature sector and has growth potential. Our education has very high growth potential and should expand rapidly. Our investments are mostly strategic and we have a very small amount of trading investments. Our objective is to ensure that we increase the profitability and consequently the value of each of our investment.

Our investment portfolio as of 31st March 2020 by clusters is as follows:



The cornerstones of our next three-year investment strategy are:

1. Sustainable Operational Improvement of investee companies
2. Opportune Monetization and acquisition of investments
3. Effective cash management by prioritizing investment opportunities

RISKS AND CONCERNS

Al Anwar has a robust Board-approved Risk Management framework in place that adheres to industry best practices. Risk Management is embedded in all core business functions and is an integral part of the business strategy. Al Anwar follows a proactive Risk Management approach in remediating internal and external risks through conducting regular risk assessment of its portfolio companies, operating environment and taking proactive action to mitigate emerging risks.

Risk issues impacting portfolio companies are proactively managed through close working relationships with investee companies and the prudent oversight of our Board representatives. Broadly, these risks take the form of increasing costs/ decreasing margins, competition from other sources of supply and shifts in customer preference for other solutions. Also, each of the investee companies have their own risk management process in place.

The COVID-19 pandemic has caused steep reductions in global economic activity severely hampering the businesses and human lives across the world. The underlying businesses of Al Anwar are facing challenges in this regard and in our Associates we have undertaken series of action plans, including zero based budgeting for cost rationalization, streamlining production processes and seeking industry support from the Government of Oman to circumvent the challenges and continue to generate value for our shareholders in these challenging times. Our immediate objective is to maintain values of our investment and ensure that they are profitable and do not face liquidity challenges.

ACKNOWLEDGMENTS

We acknowledge the contribution of our Board Members for their wisdom and valuable guidance which has helped us in successful implementation of our strategy. Further, we appreciate the confidence entrusted by our shareholders.

Khalid Ansari
Chief Executive Officer

Shareholders holding 1% and above as on 31st March 2020

Sr.	Shareholder Name	No. of shares	%
1	Fincorp Investment Co. LLC	47,396,140	23.698
2	Masoud Humaid Malik Al Harthy	15,241,526	7.620
3	Bank Muscat/ OGF / VISION	14,819,737	7.409
4	Al Khonji Development and Investment LLC	10,067,686	5.033
5	Al Khonji Invest LLC	9,996,569	4.998
6	Al Majaz Invest., Ubar Capital	4,200,000	2.1
7	Abdulredha Mustafa Abdulredha Sultan	3,560,736	1.780
8	Shabir Moosa Al Yousef	3,275,000	1.637
9	National Equity Fund	3,173,810	1.586
10	Arabia Falcon Insurance Company	2,821,795	1.410
11	Al Areen National Ent. & Trad. LLC	2,583,745	1.291
12	Ali Juma Abdullah Al Lawati	2,516,821	1.258
13	Oman National Investment Development Co	2,206,659	1.103
14	Bader Ali Mohamed Al Kalbani	2,000,000	1

Building a better working world

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C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Al Anwar Holdings SAOG and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	*How our audit addressed the key audit matters*
Accounting for equity accounted investments The Group holds significant equity investments accounted for in terms of IAS 28, "Investments in associates and joint ventures". The equity accounted investments do not all have year-ends that are coterminous with that of the Group, and the Group's accounting policy is to account for an appropriate lag period in reporting on their results. Any significant transactions that occur between the equity - accounted investments year - end and 31 March (the Group's year - end) are taken into account in the equity-accounted results of the equity accounted investment. Accounting for equity accounted investments is a matter of most significance due to the significant contribution of the associate investments to the consolidated results of the Group, the impact these have on the Group's results and the fact that the investments have year - ends that are not coterminous with that of the Group. Also, attention is drawn to accounting policies for associates, critical accounting estimates and judgements and related disclosures set out in notes 25.4, 24(iv) and 3 to the consolidated financial statements, respectively.	We issued audit instructions to the component auditors of the significant equity accounted investments. The instructions covered the significant audit areas that the component auditors should focus on, as well as the information required to be reported back to the Group audit team. Throughout the audit, various planning, execution and completion calls and discussions were held with the component auditors of the significant equity accounted investment components. We assessed the competence, knowledge and experience of our component audit teams, and performed a review of significant audit areas to assess the adequacy of the procedures performed in pursuit of our audit opinion. We obtained the equity accounted results and movements recorded by the Group and agreed them to the audited financial results of the underlying equity accounted investments. We also re-performed manual calculations, including lag period adjustments prepared by management where required to test the equity accounted results are accurate, complete and in line with IFRS. We understood the management's process and independently assessed the accounting policies of the associates to that of the Group to ensure consistency with the Group accounting policies and compliance with IFRS.

Key audit matter	*How our audit addressed the key audit matters*
Impairment of investment in associates The Group has interest in number of associates which are significant to the Group's consolidated financial statements. The Group's carrying value of its investments in Oman Chlorine SAOG is significantly higher than the proportion of equity attributable to Group's ownership interest in this associate. This area is significant to our audit as the determination whether, investment in this associate is not carried at more than its recoverable amounts is subject to significant management judgement. Management estimates for recoverable amounts are determined through value-in-use using future cash flows that are based on management's views of variables such as the EBITDA margins, weighted average cost of capital, projected growth rates and economic conditions such as the economic growth and expected inflation rates. Therefore, we considered this as a key audit matter.	Our audit procedures included, among others, the following: We assessed the knowledge and expertise of the management of the Group to perform such value in use calculations. Our audit procedures included, amongst others, involving our valuation experts to assist us in testing the key assumptions forming the Group's value-in-use calculation including the cash flow projections and weighted average cost of capital. We have assessed the adequacy and relevance of the calculations, reasonableness of the methods and assumptions used, methodologies, the weighted average cost of capital and data used by the Group, for example by comparing them to external data. We also assessed the adequacy of the Group's disclosure in Note 3 of the consolidated financial statements.

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

Report on the audit of the consolidated financial statements (continued)

Other information included in the Group's 2020 Annual Report
Those charged with governance and management are responsible for the other information. Other information consists of the information included in the Group's 2020 Annual Report other than the consolidated financial statements and our auditor's report thereon. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2019 Annual Report after the date of our auditor's report:

- Chairman's report
- Corporate governance report
- Management discussion and analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements
Those charged with governance are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the relevant requirements of the Commercial Companies Law, as amended, and the Capital Market Authority ("the CMA") of the Sultanate of Oman, and for such internal control as those charged with governance determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, those charged with governance are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Building a better
working world

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

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the consolidated financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law, as amended, and the CMA of the Sultanate of Oman.

Ernst & Young LLC

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ERNST & YOUNG LLC
C.R. No. 1224013
P.O. Box 1750 - P.C. 112, Sultanate of Oman

B. Hindy

Bassam Moustafa Hindy
Muscat
9 June 2020

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	2020 OMR'000	2019 OMR'000
ASSETS			
Investment in associates	3	**31,109**	30,858
Investments at fair value	4	**15,743**	20,225
Property and other assets	5	**2,189**	2,085
Receivables	6	**864**	711
Cash and bank balances		**1,182**	496
TOTAL ASSETS		**51,087**	54,375
EQUITY			
Share capital	7	**20,000**	20,000
Legal reserve	8	**4,568**	4,550
Fair value reserve	9	**(294)**	(136)
Retained earnings		**8,349**	10,190
Equity attributable to shareholders of Parent Company		**32,623**	34,604
LIABILITIES			
Bank borrowings	10	**18,350**	19,655
Payables	11	**114**	116
TOTAL LIABILITIES		**18,464**	19,771
TOTAL EQUITY AND LIABILITIES		**51,087**	54,375
Net assets per share attributable to shareholders of the Parent Company (in Baisas)	12	**163**	173

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on June 4, 2020

CHAIRMAN	DIRECTOR	CHIEF EXECUTIVE OFFICER

The notes on pages 44 to 71 form an integral part of these Consolidated Financial Statements.

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 OMR'000	2019 OMR'000
Share of results of associates	3	**1,006**	1,087
Net investment income	14	**994**	902
Other income	15	**29**	15
Net unrealised fair value (loss) gain on financial assets	4	**(330)**	128
Total income		**1,699**	2,132
Administrative expenses	16	**(425)**	(456)
Financing charges	17	**(1,022)**	(996)
Corporate Social Responsibilities		**(25)**	(25)
Director's sitting fees	18	**(50)**	(43)
Total expenses		**(1,522)**	(1,520)
Net profit for the year		**177**	612
Other comprehensive income:			
Share of other comprehensive gain (loss) of associates		**70**	(199)
Net unrealised fair value (loss) gain on financial assets	4	**(228)**	181
Other comprehensive loss for the year		**(158)**	(18)
Total comprehensive income for the year		**19**	594
Net profit attributable to:			
Equity holders of Parent Company		**177**	612
Total comprehensive income attributable to:			
Equity holders of Parent Company		**19**	594
Earnings per share attributable to shareholders of Parent Company (in Baisas)	13	**1**	3

The notes on pages 44 to 71 form an integral part of these Consolidated Financial Statements.

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital OMR'000	Legal reserve OMR'000	Fair value reserve OMRO'000	Retained earnings OMR'000	Total OMR'000
At 1 April 2018	20,000	4,482	(118)	12,146	36,510
Net profit for the year	-	-	-	612	612
Share of other comprehensive loss of associates	-	-	(199)	-	(199)
Net change in fair value of investment	-	-	181	-	181
Transfer to legal reserve	-	68	-	(68)	-
Dividend paid	-	-	-	(2,500)	(2,500)
At 31 March 2019	20,000	4,550	(136)	10,190	34,604
At 1 April 2019	**20,000**	**4,550**	**(136)**	**10,190**	**34,604**
Net profit for the year	**-**	**-**	**-**	**177**	**177**
Share of other comprehensive gain of associates	**-**	**-**	**70**	**-**	**70**
Net change in fair value of investment	**-**	**-**	**(228)**	**-**	**(228)**
Transfer to legal reserve	**-**	**18**	**-**	**(18)**	**-**
Dividend paid	**-**	**-**	**-**	**(2,000)**	**(2,000)**
At 31 March 2020	**20,000**	**4,568**	**(294)**	**8,349**	**32,623**

The notes on pages 44 to 71 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 OMR'000	2019 OMR'000
Operating activities			
Dividend income and cash receipts		**1,867**	2,901
Cash paid for administrative expenses and other assets		**(697)**	(599)
Net cash generated from operating activities		**1,170**	2,302
Investing activities			
Purchase of other assets	5	**(106)**	(55)
Proceeds from disposal of investments		**6,025**	3,431
Purchase of investments		**(2,076)**	(4,981)
Net cash generated from/ (used in) investing activities		**3,843**	(1,605)
Financing activities			
Dividend to shareholders	20	**(2,000)**	(2,500)
Financing charges	17	**(1,022)**	(996)
Borrowings		**8,900**	27,700
Repayment of borrowings		**(10,205)**	(24,789)
Net cash used in financing activities		**(4,327)**	(585)
Net change in cash and cash equivalents during the year		**686**	112
Cash and cash equivalents at beginning of the year		**496**	384
Cash and cash equivalents at end of the year		**1,182**	496

The notes on pages 44 to 71 form an integral part of these Consolidated Financial Statements.

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 MARCH 2020

1 General information

Al Anwar Holdings SAOG (the 'Parent Company') is an Omani joint stock company incorporated on 20 December 1994 and registered in the Sultanate of Oman. The business activities of Parent Company and its subsidiary companies (together referred to as the 'Group') include promotion of and participation in a variety of ventures in the financial services, industrial and education sectors in the Sultanate of Oman. The Parent Company's shares are listed on Muscat Securities Market.

2 Investments in subsidiaries

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

	Principal activity	**Holdings** %	**Carrying value 2020 OMR'000**	Carrying value 2019 OMR'000
Al Anwar Development LLC	Investment	100	**524**	498
Al Anwar International Investment LLC	Investment	100	**1,825**	1,640
Al Anwar Hospitality SAOC	Hospitality	100	**488**	489
Al Anwar Industrial Investments SAOC	Investment	100	**500**	-
			3,337	2,627

3 Investment in associates

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

Name of associates	**Principal activity**	**% Holdings**	**Carrying value 2020 OMR'000**	**Market value 2020 OMR'000**
Voltamp Energy SAOG	Manufacture of electrical equipment	**24.68**	**4,932**	**2,933**
Al Maha Ceramics Company SAOG	Manufacture of ceramic tiles	**23.74**	**2,657**	**2,481**
Arabia Falcon Insurance Company SAOG	Insurance	**22.62**	**4,477**	**2,383**
The National Detergent Company SAOG	Manufacture of detergents	**25.24**	**4,649**	**2,576**
National Biscuit Industries SAOG	Manufacture of biscuit	**29.22**	**2,015**	**1,146**
Oman Chlorine SAOG	Manufacture of chemicals	**22.15**	**7,736**	**4,798**
Total Quoted			**26,466**	**16,317**
Alruwad International Education Services SAOC	Education	**43.51**	**4,603**	**-**
Hormuz Al Anwar Cement SAOC	Manufacture of cement	**40.00**	**40**	**-**
Total Unquoted			**4,643**	**-**
Total			**31,109**	**16,377**

3. Investment in associates (continued)

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

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

	2020 OMR'000	2019 OMR'000
At 1 April	**30,858**	21,809
Additions	**-**	3,102
Disposal	**-**	(240)
Transfer from investment at fair value	**-**	6,282
Realised loss on part divestment of associate	**-**	(40)
Dividend received during the year	**(825)**	(943)
Share of profit during the year	**1,006**	1,087
Share of other comprehensive gain/ (loss)	**70**	(199)
At 31 March	**31,109**	30,858

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 MARCH 2020

3. Investment in associates (continued)

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

Name	Assets OMR'000	Liabilities OMR'000	Revenues OMR'000	Net profit/ (loss) OMR'000	Share of profit OMR'000
2020					
Voltamp Energy SAOG	**52,212**	**30,926**	**41,176**	**962**	**237**
Al Maha Ceramics SAOG	**12,803**	**3,202**	**7,440**	**1,011**	**241**
Arabia Falcon Insurance SAOG	**62,375**	**43,424**	**16,905**	**1,122**	**254**
Oman Chlorine SAOG*	**92,060**	**61,624**	**11,687**	**(465)**	**(103)**
The National Detergent Company SAOG	**26,031**	**11,727**	**19,690**	**621**	**157**
National Biscuit Industries SAOG	**11,209**	**4,789**	**12,972**	**873**	**255**
Al Ruwad International Education Services SAOC	**9,836**	**5,356**	**2,985**	**(79)**	**(35)**
Hormuz Al Anwar Cement SAOC	**8**	**300**	**-**	**(218)**	**-**
Total					**1,006**
2019					
Voltamp Energy SAOG	45,067	23,597	39,764	31	7
Al Maha Ceramics SAOG	12,869	3,317	8,437	1,203	286
Arabia Falcon Insurance SAOG	68,640	50,634	16,065	1,041	233
Oman Chlorine SAOG	89,469	56,371	12,541	1,376	-
The National Detergent Company SAOG	25,502	11,430	21,355	884	192
National Biscuit Industries SAOG	9,616	3,920	6,512	711	207
Al Ruwad International Education Services SAOC	10,023	5,464	1,879	369	162
Hormuz Al Anwar Cement SAOC	1,666	1,740	-	(174)	-
Total					**1,087**

At 31 March 2020, the proportional net assets for all associates amounted to approximately OMR 26 million (31 March 2019 – OMR 24 million).

- The Group acquired significant influence in Oman Chlorine SAOG on 31 March 2019. Accordingly, the share of profit for this associate has being recorded from 1 April 2019 onwards.

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

Oman Chlorine SAOG

The Group has a total stake of 22.15% in Oman Chlorine SAOG.

In the previous year, the Group acquired a stake of 6.75% shareholding in Oman Chlorine SAOG (the "Company") for a consideration of RO 1.7 million. During the previous year, management had performed initial accounting for the acquisition of the Company by applying purchase method of accounting because the fair values to be assigned to the Company's majority of the identifiable assets and liabilities could only be determined provisionally. The provisional goodwill determined was OMR 1.1 million.

In accordance with the provisions of IFRS 3, the Group has performed a final purchase price allocation and have determined further adjustments to the fair value of net assets acquired.

3. Investment in associates (continued)

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

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

	2020
	OMR'000
Balance under fair value as of 1 April 2018	**(6,282)**
Add: purchases made from 28 March 2019	**(1,702)**
Cost of acquisition	**(7,984)**
Fair value of net tangible assets acquired	**5,171**
Fair value of intangible assets acquired (having indefinite life)	**1,445**
Goodwill based on final purchase price accounting	**1,368**

(e) During the current year, the Group performed an impairment assessment towards its investments in the manufacturing and education sectors. Impairment assessment was performed on a financial model which is developed on a business plan of the associates and projected into perpetuity using the free cash flows available at the last year of the business plans. The cash flows were discounted by applying a discount rate in the range of 9.7 – 13.4 % over the projection period and a growth rate ranging from 2 – 3% has been assumed. No impairment indication was noted and hence no impairment was recorded for these associates (2019: Nil).

(f) Certain investment in associates in the amount of OMR 20 million (2019 – OMR 22 million) are pledged as security for term loans obtained by the Parent Company (note 10).

4 Investments at fair value

	2020	2019
	OMR'000	OMR'000
Ominvest Perpetual Bonds - 7.75%	**7,070**	13,000
Dhofar International Development and Investment Holding SAOG	**6,223**	6,227
Almondz Global Securities Ltd. (India)	**288**	417
Sun Packaging Co. LLC	**208**	376
Al Ritaj Investment Company KSC (Kuwait)	**47**	48
Held for trading investments	**100**	158
Bank Dhofar SAOG	**807**	-
DIDIC Unsecured Subordinated Non-Convertible Bonds- 9%	**1,000**	-
	15,743	20,225

Ominvest perpetual bonds carry interest at the rate of 7.75% per annum for the first five years from June 2018. After that date the interest rate will be reset on agreed formula. The bonds and investments in the amount of OMR 13 million (2019 – OMR 14 million) are pledged as securities against borrowings (note 10).

Dhofar International Development and Investment Holding (DIDIC) bonds carry interest at the rate of 9% per annum.

At 31 March 2020, quoted investments measured at FVTPL amounted to OMR 12.82 million (31 March 2019 – OMR 17.98 million)

At 31 March 2020, FVOCI amounted to OMR 2.67 million (31 March 2019 – OMR 1.82 million)

At 31 March 2020, unquoted investments measured at FVTPL amounted to OMR 256 thousands (31 March 2019: OMR 424 thousands)

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4 Investments at fair value (continued)

Movement in investments at fair value is as follows:

	2020	2019
	OMR'000	OMR'000
At 1 April	**20,225**	14,508
Purchases during the year	**2,076**	1,880
Transfer from receivable	**-**	13,000
Disposals during the year	**(6,025)**	(3,197)
Profit on disposal	**25**	7
Transfer to associates	**-**	(6,282)
Net unrealised (loss) gain taken to statement of comprehensive income	**(330)**	128
Net unrealised (loss) gain taken to other comprehensive income	**(228)**	181
At 31 March	**15,743**	20,225

Investments at fair value are analysed as follows:

	2020	2019
	OMR'000	OMR'000
Banking and investment sector	**15,517**	19,830
Services sector	**13**	13
Industrial sector	**213**	382
	15,743	20,225

Included in the above investment, OMR 288 thousands (2019 - OMR 417 thousands) is quoted investment in India and OMR 47 thousands (2019 - OMR 48 thousands) unquoted investment in Kuwait.

5 Property and other assets

	*Freehold land OMR'000	Furniture and fixtures OMR'000	Motor vehicle OMR'000	Capital work in progress OMR'000	Total OMR'000
Cost:					
At 1 April 2019	**1,948**	**55**	**30**	**130**	**2,163**
Additions during the year	-	-	-	106	106
Disposal during the year	-	(1)	-	-	(1)
At 31 March 2020	**1,948**	**54**	**30**	**236**	**2,268**
Accumulated depreciation:					
At 1 April 2019	**-**	**48**	**30**	**-**	**78**
Charge for the year	-	2	-	-	2
Related to disposal	-	(1)	-	-	(1)
At 31 March 2020	**-**	**49**	**30**	**-**	**79**
Net book value:					
At 31 March 2020	**1,948**	**5**	**-**	**236**	**2,189**

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

* The freehold land is held by certain Directors of the Parent Company as a beneficial owner of the land. The Parent Company is currently under the process to transfer the land to one of its subsidiaries.

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES
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6 Receivables

	2020	2019
	OMR'000	OMR'000
Prepayments and dividend receivables	**726**	645
Due from related parties (Note 18)	**138**	66
	864	711

7 Share capital

The authorised share capital of the Parent Company amounts to RO 30 million comprising of 300,000,000 (2019 - 300,000,000) shares. The issued and fully paid up share capital amounts to RO 20 million comprising of 200,000,000 shares (2019 - 200,000,000 shares).

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

	Number of shares held	**2020 (%)**	Number of shares held	2019 (%)
Fincorp Investment Company LLC	**47,396,140**	**24**	48,596,140	24
Brig (Rtd.) Masoud Humaid Malik Al Harthy	**15,241,526**	**8**	10,674,157	5
Bank Muscat / OGF / Vision	**14,819,737**	**7**	-	-
NBO/ Oman Growth Fund / Vision Asset	-	-	13,461,797	7
Al Khonji Development & Investment LLC	**10,067,686**	**5**	10,067,686	5
Al Khonji Invest LLC	**9,996,569**	**5**	9,996,569	5
		49		46

8 Legal reserve

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

9 Fair value reserve

The Group has recognised its share of fair value reserve of other comprehensive income of associates. These relate to Voltamp Energy SAOG, National Detergent Company SAOG, Oman Chlorine SAOG and Arabia Falcon Insurance SAOG.

10 Bank borrowings

	2020	2019
	OMR'000	OMR'000
Total borrowings	**18,350**	19,655
Current portion of borrowing	**(7,725)**	(4,705)
Non-Current portion of borrowing	**10,625**	14,950

The Parent company has borrowings from four Omani Commercial Banks and one Omani Sharia compliant bank. The borrowings are in the nature of long term and short term loans. The commercial borrowings carry annual interest rates ranging from 4.25% to 5.75% per annum (2019 – 3.5% to 5.75%). The profit rate is 6.5% for the Sharia compliant borrowings. These borrowing are secured through pledge over investment of the Group in the aggregate amount of OMR 33 million (2019 – OMR 36 million) (note 3 and 4). The Parent Company has overdraft facilities of OMR 950 thousands (2019 - OMR 950 thousands) as at 31 March 2020.

11 Payables

	2020 OMR'000	2019 OMR'000
Accrued expenses	**59**	58
Employees' end of service benefits	**55**	58
	114	116

	2020 OMR'000	2019 OMR'000
Employees' end of service benefits		
At 1 April	**58**	46
Charge for the year (note 16)	**9**	12
Advance against employees` end of services benefits	**(12)**	-
At 31 March	**55**	58

12 Net assets per share

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

	2020 OMR'000	2019 OMR'000
Net assets attributable to the shareholders of the Parent Company	**32,623**	34,604
Number of shares outstanding at 31 March ('000)	**200,000**	200,000
Net assets per share (in Baisas)	**163**	173

13 Earnings per share

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

	2020 OMR'000	2019 OMR'000
Profit for the year attributable to equity shareholders of Parent Company	**177**	612
Weighted average number of shares outstanding as at 31 March ('000)	**200,000**	200,000
Basic earnings per share (in Baisas)	**1**	3

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES
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14 Net investment income

	2020	2019
	OMR'000	OMR'000
Recovery on of investment in Addax Bank B.S.C.	**-**	26
Realised gain on sale of investments – net	**25**	7
Interest income from bonds	**941**	681
Loss on part divestment of associate	**-**	(40)
Dividend income	**28**	228
	994	902

15 Other income

	2020	2019
	OMR'000	OMR'000
Directors sitting fees	**29**	15

16 Administrative expenses

	2020	2019
	OMR'000	OMR'000
Employment costs	**303**	300
Fees and subscription	**31**	31
Office rent and utilities	**15**	15
Audit fees	**15**	12
Business promotion	**13**	13
Legal fees	**10**	16
Meeting & Seminar	**8**	11
Communications	**4**	4
Insurance	**3**	3
Depreciation (note 5)	**2**	3
Consultancy fees	**1**	25
Miscellaneous	**20**	23
	425	456

The analysis of employment cost is as follows:

	2020	2019
	OMR'000	OMR'000
Salaries	**260**	211
Other benefits	**30**	73
Social security costs	**4**	4
Employees' end of service benefit (note 11)	**9**	12
	303	300

17 Financing charges

	2020	2019
	OMR'000	OMR'000
Interest expense	**977**	848
Bank charges	**45**	148
	1,022	996

18 Related party transactions and balances

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

The compensation to key management personnel for the year comprises:

	2020	2019
	OMR'000	OMR'000
Total employment costs	**257**	252
Directors' sitting fees	**50**	43
	307	295

The Directors' sitting fees and remuneration are subject to the approval of the shareholders at the Annual General Meeting.

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

	2020	2019
	OMR'000	OMR'000
Hormuz Al Anwar Cement SAOC	**117**	57
Al Maha Ceramic Co SAOG	**14**	9
Others	**7**	-
	138	66

19 Taxation

The Parent Company and its subsidiaries are assessed separately for taxation. The tax rate applicable is 15% (2019 - 15%). The Group is not taxed as a taxable entity.

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

i. Parent Company

Income tax assessment for the years up to 2017 have been issued by the Tax Authority. The management believes that additional taxes, if any, related to the open tax years would not be significant to the Parent Company's financial position as at 31 March 2020.

19 Taxation (continued)

ii. Subsidiaries

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

(a) Reconciliation is as follows:

	2020	2019
	OMR'000	OMR'000
Profit before taxation	**177**	612
Tax charge at applicable rates	**26**	92
Expenses not deductible	**175**	742
Exempt incomes	**(159)**	(838)
Deferred tax	**(43)**	4
Total	**-**	**-**

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

	2020	2019
	OMR'000	OMR'000
At 1 April	-	-
Paid during the year	-	-
At 31 March	-	-

The Parent company has tax losses available for carry forward as at 31 March 2020 of approximately OMR 60 thousand (2019 - OMR 1.67 million). The Parent company is not recognizing a deferred tax asset on the basis that the income of the Parent is predominantly exempt from income tax and it will not have sufficient future taxable profits against which to utilise the tax losses. The Group companies can only utilise its own tax losses against its own taxable income. The tax losses are subject to expiry under the Oman Income Tax Law.

Income tax assessment for the years up to 2017 have been issued by the Tax Authority.

In the recent assessments issued for tax years 2015 to 2017, Tax Authority has disallowed in full finance charges and administrative expenses incurred during these years resulting to a total adjustment in taxable income of RO 839,059 which has further reduced the carry forward losses. The Company disagrees with the Tax Authority's assessment and therefore has filed an objection against these assessments. The Company believes it is more likely than not that the Tax Authority would accept its filing position. Accordingly, the Company did not accrue the additional tax liability of RO 261,249 that may result from open years 2018 to 2020 in case the Tax Authority does not accept the Company's contentions in the objection and carry out similar adjustments for tax years 2018 to 2020. The company believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors including past experience and interpretations of tax law.

20 Proposed dividends

The Board of Directors have proposed cash dividend of 6% amounting to OMR 1.2 million (2019: 10% amounting OMR 2 million).

21 Financial risk management

(a) Governance framework

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

21 Financial risk management (continued)

(b) Financial risks

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

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

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

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

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

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

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

	Rating	**2020 OMR'000**	2019 OMR'000
Bank balances	P-1	**1,173**	488
Bank balances	P-2	**6**	5
Bank balances	P-3	**3**	3
		1,182	496

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

	2020 OMR'000	2019 OMR'000
Receivables (excluding prepayments)	**701**	711
Bank balances	**1,182**	496
	1,883	1,207

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

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21 Financial risk management (continued)

(ii) Liquidity risk

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

Maturity profiles

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

2020	**Up to 1 year OMR'000**	**Over year OMR'000**	**Total OMR'000**
Bank borrowings (note 10)	**7,725**	**10,625**	**18,350**
Payables	**55**	**59**	**114**
	7,780	**10,684**	**18,464**
2019			
Bank borrowings (note 10)	14,950	4,705	19,655
Payables	59	58	117
	15,009	4,763	19,772

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

2020	**Within 1 year OMR'000**	**Non fixed maturity OMR'000**	**Total OMR'000**
Investment in associates	**-**	**31,109**	**31,109**
Investments at fair value	**-**	**15,744**	**15,744**
Receivables	**857**	**-**	**857**
Cash and bank balances	**1,182**	**-**	**1,182**
	2,133	**46,759**	**48,892**
2019			
Investment in associates	-	30,858	30,858
Investment at fair value	158	20,067	20,225
Receivables	711	-	711
Cash and bank balances	496	-	496
	1,365	50,925	52,290

21 Financial risk management (continued)

(iii) Market risk

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

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

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

A 10% change in fair value of the Group's quoted financial assets would have impact on equity of approximately OMR 1.6 million (2019 - OMR 1.5 million).

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

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

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

At 31 March 2020, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been lower/higher by OMR 182 thousands (2019 - OMR 185 thousand).

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21 Financial risk management (continued)

(c) Fair value estimation

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

Level 1: quoted prices (unadjusted) in active markets;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data.

	OMR'000	OMR'000	OMR'000	OMR'000
2020				
Financial assets at fair value	**15,487**	**-**	**256**	**15,743**
2019				
Financial assets at fair value	19,801	-	424	20,225

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

22 Operational risks

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

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

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

23 Capital management

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

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

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

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

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

24 Critical accounting estimates and judgements

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

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

(i) Impairment of financial assets

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

(ii) Classification of financial assets

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

(iii) Fair value estimation

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

(iv) Business combinations

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

(v) Impact of COVID -19

On 11 March 2020, the World Health Organization (WHO) made an assessment that the outbreak of a Coronavirus (COVID-19) can be characterised as a pandemic. In addition, oil prices significantly dropped between January to March 2020 because of a number of political and economic factors. As a result, businesses have seen reduced customer traffic and, where governments mandated, temporary suspension of travel and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Bank of Oman and other independent jurisdictions and regulators have taken measures and issued directives to support businesses and the economy at large, including extensions of deadlines, facilitating continuation of businesses through social-distancing and easing pressure on credit and liquidity in the country.

These conditions are considered significant and impacted the economic and risk environment in which the Group operates. The situation, including the government and public response to the challenges, continues to progress and rapidly evolve.

The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown, which has depressed the Group's investments at fair value (note 4).

Although the Group cannot estimate the length or gravity of the impact of the COVID – 19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Group's results of future operations, financial position and liquidity in the fiscal year 2021.

The consolidated financial statements have been prepared based upon conditions existing as at 31 March 2020.

25 Summary of significant accounting policies

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

25.1 Basis of preparation

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

(b) The new Commercial Companies Law promulgated by the Royal Decree No. 18/2019 (the Commercial Companies Law of the Sultanate of Oman) was issued on 13 February 2019 which has replaced the Commercial Companies Law of 1974. As per the articles of the Royal Decree No. 18/2019, the new Commercial Companies Law became effective on 17 April 2019 and the companies should comply with the new law within 1 year from 17 April 2019.

(c) These consolidated financial statements for the year ended 31 March 2020 comprise the Parent Company and its subsidiaries (together "the Group") and the Group's interest in associates. These consolidated financial statements are collectively referred to as 'the financial statements.'

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

(e) The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 24.

(f) Functional and presentation currency

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

(g) Transactions and balances

Transactions in foreign currencies are translated into Rial Omani and recorded at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Rial Omani at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies are translated into Rial Omani at the foreign exchange rates ruling at the date of the transaction. Translation differences on non-monetary financial assets and liabilities are recognised in the consolidated statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

25.2 *New and amended standards and interpretations*

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019, except for the adoption of standards effective as of 1 April 2019.

The following new standards and amendments became effective as at 1 January 2019:

- IFRS 16 Leases
- IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*
- Annual IFRS Improvement Process
  - IFRS 3 Business Combinations - *Previously held Interests in a joint operation*
  - IFRS 11 Joint Arrangements - *Previously held Interests in a joint operation*
  - IAS 12 Income Taxes - *Income tax consequences of payments on financial instruments classified as equity*
  - IAS 23 Borrowing Costs - *Borrowing costs eligible for capitalisation*

The above standards, other than IFRS 16, do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the comparatives are not restated.

Nature of effect of adoption of IFRS 16:
Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. For the leases previously classified as operating leases, the lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Practical expedients:
The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

Impact on transition
As at 1 January 2019, the Group performed a detailed assessment to determine the extent of impact on its financial statements and concluded that there is no significant impact due to the application of IFRS 16 as most of its leases are short term in nature and are not of material amount and no adjustment recorded in the financial statements.

25.3 *Standards issued but not yet effective*

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 Insurance Contracts
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material

25.4 Basis of consolidation

(a) Subsidiaries

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

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

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

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

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

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

25.4 Basis of consolidation (continued)

(b) Associates

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

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

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

25.5 Financial assets

25.5.1 Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

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

a) Initial recognition

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

b) Day 1 profit or loss

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

c) Measurement categories of financial assets and liabilities

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

• Amortised cost;

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

• Fair value through profit or loss (FVTPL)

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

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

25.5.1 Classification of financial assets and financial liabilities (continued)

Financial instruments – initial recognition

a) Financial investments at amortised cost

The Group only measures financial assets at amortised cost if both of the following conditions are met:

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

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

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

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

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

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

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

(ii) The SPPI test

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

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

25.5.1 Classification of financial assets and financial liabilities (continued)

b) Debt instruments at FVOCI

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

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

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

c) Equity instruments at FVOCI

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

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

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

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

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

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

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

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

25.5.2 Derecognition

(a) Financial assets

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

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

(b) Financial liabilities

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

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

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

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

(a) Assets carried at amortised cost

The Group first assesses whether objective evidence of impairment exists.

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

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

25.6 Asset held for sale

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

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

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

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

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

25.7 Impairment of non-financial assets

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

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

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

25.8 Offsetting

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

25.9 Property and other assets

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

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

	Years
Furniture and fixtures	4
Motor vehicles	4

25.9 Property and other assets (continued)

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

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

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

25.10 Cash and cash equivalents

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

25.11 End of service benefits

End of service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 as amended, and in accordance with IAS-19, "Employee benefits". Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

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

25.12 Payables

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

25.13 Provisions

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

25.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using effective interest rate.

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

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

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 MARCH 2020

25.15 Share capital

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

25.16 Revenue

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

25.17 Income tax

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

25.18 Directors' remuneration

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

25.19 Earnings per share

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

25.20 Dividend distribution

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

25.21 Operating segment

The Group does not have any operating segment.

25.22 Fair values

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

• Level 1: Quoted market price (unadjusted) in an active market.

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

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

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

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

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

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

26 Comparative figures

The comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications have not resulted in change in last year's reported profit and equity.

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES

PARENT COMPANY SEPARATE STATEMENTS FINANCIAL POSITION
AT 31 MARCH 2020

	2020 OMR'000	2019 OMR'000
ASSETS		
Investment in subsidiaries	**3,336**	2,625
Investment in associates	**30,060**	29,903
Investments at fair value	**8,518**	13,996
Property and other assets	**1,952**	1,954
Receivables	**6,817**	5,657
Cash and bank balances	**670**	451
TOTAL ASSETS	**51,353**	54,586
EQUITY		
Share capital	**20,000**	20,000
Legal reserve	**4,517**	4,500
Fair value reserve	**(291)**	(317)
Retained earnings	**8,397**	10,303
Equity attributable to shareholders	**32,623**	34,486
LIABILITIES		
Bank borrowings	**18,350**	19,655
Payables	**380**	445
TOTAL LIABILITIES	**18,730**	20,100
TOTAL EQUITY AND LIABILITIES	**51,353**	54,586
Net assets per share attributable to shareholders (in Baisas)	**163**	172

The separate financial statements were authorised for issue in accordance with a resolution of the Board of Directors on June 4, 2020.

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES
PARENT COMPANY SEPARATE STATEMENTS COMPREHENSIVE INCOME
AT 31 MARCH 2020

	2020 OMR'000	2019 OMR'000
Share of results of associates	**893**	1,087
Share of results of subsidiaries	**30**	190
Net investment income	**970**	900
Other income	**24**	15
Net unrealised fair value (loss) gain on financial assets	**(285)**	3
Net income	**1,632**	2,195
Administrative expenses	**(424)**	(451)
Financing charges	**(1,022)**	(996)
Corporate Social Responsibility	**(25)**	(25)
Director fees & remuneration	**(50)**	(43)
Total expenses	**(1,521)**	(1,515)
Net profit for the year	**111**	680
Other comprehensive expense		
Share of other comprehensive gain / (loss) of associates	**54**	(199)
Net unrealised fair value (loss) gain on financial assets	**(209)**	-
Share of other comprehensive gain of subsidiaries	**181**	-
Other comprehensive gain/ (loss) for the year	**26**	(199)
Total comprehensive income for the year	**137**	481
Earnings per share (in Baisas)	**1**	3