

**AL ANWAR HOLDINGS SAOG
AND ITS SUBSIDIARIES**

**UNAUDITED CONSOLIDATED AND PARENT
COMPANY FINANCIAL STATEMENTS**

30 September 2009

Registered office and principal place of business:

Villa No. 897, Way No. 3013
Shatti Al Qurum, P.O. Box 468, Postal Code 131
Al Hamriya
Sultanate of Oman

Al Anwar Holdings SAOG
Unaudited Consolidated and Parent Company Financial statements

30 September 2009

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Directors' Report

Dear Shareholders,

On behalf of the Board of Directors I am pleased to present the un-audited results of Al Anwar Holdings SAOG (AAH) for the six months ended at 30th September, 2009.

Al Anwar Holdings SAOG is an Omani Joint Stock Investment Holding Company registered in the Sultanate of Oman. The business activities of the company include equity participation in new and existing business ventures across various sectors.

Financial Overview of Al Anwar Group:

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

1. The revenues generated and the costs incurred up to 30th June, 2009 by its subsidiaries namely:
 - a. Sun Packaging Co. LLC (SPC), and
 - b. Al Anwar International Investment LLC, 100% subsidiary of AAH, primarily being used as an investment arm,
2. The Share of Profit / (Loss) achieved by Associate Companies up to 30th June, 2009 in which AAH owns between 20% and 50% of their share capital or where AAH has significant influence on the Board of Directors of the company.
3. Dividends from investments.
4. Realized gains made from divestments.
5. Realised and un-realised gains / losses from other listed securities.

Your company achieved a consolidated net profit after tax attributable to shareholders of parent company to the tune of RO 3.048 million for six months ended 30th September, 2009 as against a net profit of RO 4.024 million for six months ended on 30th September, 2008. It is noted that 52% of the profit amounting to RO 1,584 was on account of partial divestment of National Aluminium Product Company SAOG.

Out of above profit for six months, Al Anwar Holdings SAOG has net realised profit of RO 1.557 million by divesting its investments and unrealised gain of RO 0.878 million for fair value changes in investments, which accounts for 80% of consolidated net profit for the period. Investors are cautioned that such profits may not follow a fixed pattern.

The Earning per share (EPS) was 56 Baisa (annualised) as on 30th September, 2009 as against 74 Baisa (annualised) as on 30th September, 2008 registering a decrease of 24% on the Share Capital of RO 11.000 million.

Net asset per share of the group was 176 Baisa per share as on 30th September, 2009 as against 183 Baisa per share as on 30th September, 2008 recording a decrease of 4% on the increased capital base.

Performance of Al Anwar Investments:

Subsidiaries:

1. **Sun Packaging Company LLC (SPC):** The Company is operating at its optimum capacity and exploring value added products and markets. The company has reported a growth of 383% in net profit after tax due to above strategy despite having only 1% growth in revenue.
2. **Al Anwar International Investments Co. LLC (AAIL):** The Company is an investment arm for Al Anwar Holding and is 100% subsidiary of AAH. The company is holding various investments for and on behalf of AAH. .
3. **Al Anwar Securities SAOC (AAS):** The Company is 100% subsidiary incorporated during the year 2008 with an objective to carry out various financial services in Oman after obtaining the required license from the Capital Market Authority of Oman. However, due to down turn in financial services sector, the decision on how to proceed with this Company is being explored.

Associates:

1. **Voltamp Energy SAOG (and its subsidiary):** Voltamp is facing effects of slowdown in the infrastructure spending and stiff competition from its peers in and around GCC. As a result it has shown a reduction in turnover by 13% and in net profit after tax by 28% during the period
2. **Taageer Finance Company SAOG (Taageer):** Taageer has grown its revenue by 26% over the same period last year. The gross profits exceeded by 24% as compared to last year. However, due to the global turmoil, the cost of borrowing has gone up by 26% resulting into declined spreads. However, the margins are expected to improve with the economy returning towards normalcy and the easing out of liquidity.
3. **Al Anwar Blank Company SAOC:** With necessary technical and marketing support from new foreign collaborators, the company is making all out efforts for expanding its customer base so that capacity utilization is increased steadily, better quality is produced and good remunerative prices obtained for its products. However, in present recession in automobile sector AABCO is facing stiff challenges.

4. **Falcon Insurance Company SAOC (Falcon):** With continued efforts from new management, Falcon has recorded a growth of 35% in Gross premium written and 5% growth in operational profit during the period as compared with previous year. However, during last year the company reported gain on fair value change in its investment and property (land) amounting to RO 795,623, which was not available during current year and hence reported a reduction in the net profit after tax.
5. **Al Maha Ceramics Company SAOC:** The Company reported 56% utilisation of the plant capacity mainly due to non availability of Gas, preventing it from running both lines together. However, the issue was resolved during Mid April, 2009 and started productions on both lines. The company is expected to break even during the year as against losses of last year.
6. **Addax Securities Saudi Arabia:** Although the company obtained all licences, it was yet to start its operation till 30th June, 2009. Meanwhile we received a swap offer from another founder member Addax Bank Bahrain to swap the holding in Addax securities with that of shares in Addax Bank Bahrain. The transaction was evaluated by the Board of AAH and on finding it beneficial for the company was accepted. As a result of Swap, on post balance sheet date, AAH holds 3,111,111 shares of Addax Bank Bahrain and no stake in Addax Securities Saudi Arabia.

Other Investments:

1. **Almondz Global Securities Limited (India)(AGSL):** AGSL has shown improvement in performance during 1st quarter ended 30 June 2009. Key indicators; turnover and profitability (PBIT) have improved by 23% and 439% respectively as compared to same period last year. The profitability under various business segments too has improved over same period last year as well as the previous quarter. AGSL is expected to perform better as the financial markets continue recovering this year.

Market Outlook:

The policies adopted by the company in respect of diversification of risks, geographical dispersion and business model of private equity helped the company to weather-out the current global crisis in the financial markets and recessionary economic conditions.

Long term outlook on Investments made in the Insurance sector, Ceramic Tiles and Financial Sector in India and Bahrain (after swap) are buoyant and these investments are expected to add to the income and diversify its income streams in future. These investments are also expected to enhance the market value of the investment portfolio.

Thanks and Appreciation:

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

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

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

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

**Masoud Humaid Al Harthy
Chairman**

Date: 04/08/2009

Al Anwar Holdings SAOG
Summary of unaudited Consolidated Results (for six months)
Ended as on 30th September

	30 Sept '09	30 Sept '08	%age Change
	RO '000	RO '000	
Total Assets	31,704	34,128	-7%
Net Assets attributable to the parent Company	19,365	18,294	6%
Net Assets per Share (in RO)	0.176	0.183	-4%
Current Ratio	1.46	1.49	-2%
Gross Operating profit from Subsidiaries	915	1,713	-47%
Add : Investment & other Incomes (note 2)	3,289	4,118	-20%
	-----	-----	
Gross Profit	4,204	5,831	-28%
	=====	=====	
Gross Operating Profit Margin	18.60%	21.04%	-12%
Net Profit	3,146	4,321	-27%
Net Profit attributable to ordinary shareholders.	3,048	4,024	-24%
Earnings Per Share for the six months (in Baizas)	28	37	-24%
Share Capital RO '000	11,000	10,000	10%

Notes:

1. Share Capital was increased from RO 10 Million to RO 11 Million through Stock dividend.
2. Investment & other income includes profit on sale of investment, Dividend income, share of profits from associate companies, fair value change in investment, unrealised gains / (loss) and other income.

 Chairman

 Director

 Chief Executive Officer

Al Anwar Holdings SAOG
Unaudited Consolidated and Parent Company Balance sheet
as at 30 September

	Note	2009 Group	2008 Group	2009 Parent Company	2008 Parent Company	RO '000 %age Change	
						Group	Parent Company
Assets:							
Property, plant and equipment	3	3,715	3,283	14	18	13%	-22%
Intangible assets	4	63	63	-	-	0%	-
Investments	5	17,648	19,529	15,696	16,352	-10%	-4%
Total non – current assets		21,426	22,875	15,710	16,370	-6%	-4%
Investments	5	222	578	222	578	-62%	-62%
Investment property	6	3,149	3,148	3,149	3,148	0%	0%
Inventories	7	1,848	2,506	-	-	-38%	-
Trade and other receivables	8	3,110	3,563	175	190	1%	-8%
Cash and Bank balances	9	1,949	1,458	1,875	1,339	34%	40%
Total current assets		10,278	11,253	5,421	5,255	-9%	3%
Total assets		31,704	34,128	21,131	21,625	-7%	-2%
Equity							
Share capital	10 (a)	11,000	10,000	11,000	10,000	10%	10%
Legal reserve	10 (b)	1,257	1,113	1,201	1,057	13%	14%
Retained earnings		7,108	7,113	2,909	2,779	0%	5%
Fair value reserve	10 (c)	-	68	-	-	-100%	-
Equity attributable to shareholders of Parent Company		19,365	18,294	15,110	13,836	6%	9%
Minority interest	11	678	667	-	-	2%	-
		20,043	18,961	15,110	13,836	6%	9%
Liabilities:							
Term loans	12	4,479	7,465	3,867	6,719	-40%	-42%
Deferred tax liability	20	45	59	-	-	-24%	-
Employees' end of service benefits	22	86	64	10	6	34%	67%
Total non – current liabilities		4,610	7,588	3,877	6,725	-39%	-42%
Bank borrowings	14	3,541	3,864	-	-	-8%	100%
Term loans	12	933	759	800	583	23%	37%
Accounts and other payables	13	2,577	2,956	1,344	481	-13%	179%
Total current liabilities		7,051	7,579	2,144	1,064	-7%	102%
Total liabilities		11,661	15,167	6,021	7,789	-23%	-23%
Total equity and liabilities		31,704	34,128	21,131	21,625	-7%	-2%
Net assets per share attributable to shareholders of the Parent Company (in Baisas)							
	15	176	183	137	138	-4%	-1%

The notes on pages 10 to 33 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 4th November, 2009 and were signed on their behalf by:

.....
 Chairman

.....
 Director

.....
 Chief Executive Officer

Al Anwar Holdings SAOG

Unaudited Consolidated and Parent Company income statement

For the period ended 30 September

	Note	Group 2009 RO'000	Group 2008 RO'000	Parent Company 2009 RO'000	Parent Company 2008 RO'000	Group 2009	Parent Company 2008	%age Change Parent Company
Operating income	2 (p)	4,918	8,140	-	-	-40%	-	-
Dividend income	2 (c)	1	-	1	73	100%	-99%	-
Other income	18	43	354	38	335	-88%	-89%	-
		4,962	8,494	39	408	-42%	-90%	-
Operating expenses		(4,676)	(7,401)	(223)	(244)	-37%	-9%	-
Gross operating profit		286	1,093	(184)	164	-74%	-212%	-
Finance charges		(367)	(446)	(181)	(239)	-18%	-24%	-
Share of profits of associates	5	810	748	-	-	8%	-	-
Gain on disposal of investments	19	1,557	2,295	1,476	2,961	-32%	-50%	-
Provision for impairment in investments	5	-	-	-	-	-	-	-
Unrealised gain /(loss) on re-measurement at fair value		878	721	876	(1,228)	22%	-171%	-
Profit before tax		3,164	4,411	1,987	1,658	-28%	20%	-
Taxation	20	(18)	(90)	-	-	-80%	-	-
Net profit for the year		3,146	4,321	1,987	1,658	-27%	20%	-
Less: Minority interest	11	(98)	(297)	-	-	-67%	-	-
Net profit attributable to shareholders of Parent Company		3,048	4,024	1,987	1,658	-24%	20%	-
Basic earnings per share attributable to shareholders of Parent Company (in Bz)	16	28	37	18	15	-24%	20%	-

The notes on pages 10 to 33 form an integral part of these financial statements.

Director

Director

Director

Al Anwar Holdings SAOG

Unaudited Consolidated and Parent Company statement of changes in equity

For the year ended 30 September, 2009

(RO '000)

Group	Share capital	Legal reserve	Retained earnings	Fair value Reserve	Total	Minority Interest	Total Equity
1-Apr-2008	8,855	1,526	4,942	68	15,391	2,548	17,939
Stock dividend	1,145		(1,145)		-	-	-
Decrease due to disposal of subsidiary		(413)			(413)	(2,133)	(2,546)
Net profit for the year			4,024		4,024	297	4,321
Legal reserve					-		-
Dividend paid			(708)		(708)	(45)	(753)
At 30 September 2008	10,000	1,113	7,113	68	18,294	667	18,961
1-Apr-2009	10,000	1,257	5,560	-	16,817	580	17,397
Stock dividend	1,000	-	(1,000)	-	-	-	-
Net profit for the year	-	-	3,048	-	3,048	98	3,146
Legal reserve	-	-	-	-	-	-	-
Dividend paid			(500)		(500)	-	(500)
At 30 September 2009	11,000	1,257	7,108	-	19,365	678	20,043
Parent Company	Share capital	Legal reserve	Retained earnings	Total			
1-Apr-2008	8,855	1,057	2,974	12,886			
Stock dividend			(1,145)	-			
Net profit for the year	1,145		1,658	1,658			
Legal reserve	-	-	-	-			
Dividend paid	-	-	(708)	(708)			
At 30 September 2008	10,000	1,057	2,779	13,836			
1-Apr-2009	10,000	1,201	2,422	13,623			
Stock dividend	1,000	-	(1,000)	-			
Net profit for the year	-	-	1,987	1,987			
Legal reserve	-	-	-	-			
Dividend paid	-	-	(500)	(500)			
At 30 September 2009	11,000	1,201	2,909	15,110			

The notes on pages 10 to 33 form an integral part of these financial statements.

Al Anwar Holdings SAOG and Its Subsidiaries

Unaudited Consolidated and Parent Company cash flow statement

For the year ended 30 June

	2009	2008	2009	2008
	Group	Group	Parent	Parent
	RO'000	RO'000	Company	Company
	RO'000	RO'000	RO'000	RO'000
Cash flows from operating activities				
Dividend income and cash receipts from sales	6,515	7,740	721	399
Cash paid towards operating and other expenses	(4,914)	(5,611)	(318)	(240)
	-----	-----	-----	-----
Cash generated from operations	1,601	2,129	403	159
Finance charges (net)	(358)	(446)	(172)	(239)
Taxation	-	(332)	-	-
	-----	-----	-----	-----
Net cash generated from (used in) operating activities	1,243	1,351	231	(80)
	-----	-----	-----	-----
Cash flows from investing activities				
Purchase of plant and equipment	(162)	(341)	(5)	(3)
Disposal of plant and equipment	-	-	-	-
Proceeds from disposal of a subsidiary	-	3,101	-	3,101
Proceeds from disposal of other investments	3,178	-	3,178	-
Purchase of investments	(281)	(2,922)	(281)	(2,922)
	-----	-----	-----	-----
Net cash used in investing activities	2,735	(162)	2,892	176
	-----	-----	-----	-----
Cash flows from financing activities				
Dividend to minority shareholders	-	(45)	-	-
Dividend by Parent Company	(500)	(708)	(500)	(708)
Received from related party	-	325	200	325
Proceeds from term loans	-	3,410	-	3,410
Repayment of term loans	(867)	(1,843)	(800)	(1,782)
Short term bank borrowings-net	(968)	(977)	(166)	(2)
	-----	-----	-----	-----
Net cash generated from financing activities	(2,335)	162	(1,266)	1,243
	-----	-----	-----	-----
(Decrease) / increase in cash and cash equivalents during the year	1,643	1,351	1,857	1,339
Cash and cash equivalents at the beginning of the year	306	125	19	-
Effect of (disposal) acquisition of a subsidiary	-	(18)	-	-
	-----	-----	-----	-----
Cash and cash equivalents at the end of the year	1,949	1,458	1,876	1,339
	=====	=====	=====	=====

The notes on pages 10 to 33 form an integral part of these financial statements.

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

1 Legal status and principal activities

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

2 Significant accounting policies

Basis of preparation

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

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

a) Basis of accounting

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

b) Basis of consolidation

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

The consolidated balance sheet incorporates the assets and liabilities of the Parent and its subsidiaries. All significant inter-company balances, transactions, income and expenses have been eliminated on consolidation. For the purpose of consolidation, financial position and results of operations of the subsidiaries are consistently considered on the basis of their unaudited financial statements for the period ended on the 31st March, 2009. Adjustments are made for significant transactions which took place between the reporting date of subsidiaries and the Parent Company.

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

2 Significant accounting policies (continued)

c) Investments

Subsidiary

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

Associate

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

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis. For the purpose of which financial position and results of operations of the associates are consistently considered on the basis of their unaudited financial statements for the period ended on the 30th June, 2009. Adjustments are made for significant transactions which took place between the reporting date of associates and the Parent Company.

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

Investments held to maturity

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

Investments at fair value through profit or loss

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

Trading assets

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

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

Investments available for sale

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

Fair value measurement

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

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

2 Significant accounting policies (continued)

c) Investments (continued)

Fair value measurement (continued)

As required by improving disclosures in IFRS 7, investments at Fair Value are classified under level 1, 2 & 3 from valuation point of view. Accordingly all quoted Investments at fair value are classified under level 1 and unquoted investments at fair value are classified under level 3.

Dividend income

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

Gain on disposal of investments

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

d) Intangible assets

Goodwill

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

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

e) Leases

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

f) Property, plant and equipment

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

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

	Years
Buildings on leasehold land	20
Plant, machinery and equipment	5-15
Motor vehicles	4-5
Furniture and fixtures	3-7

Capital work in progress is not depreciated.

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

2 Significant accounting policies (continued)

g) Investment properties

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

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

h) Inventories

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

i) Accounts and other receivables

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

j) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consists of cash and bank balances with maturity of three months from the balance sheet date.

k) Impairment

Financial assets

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

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

Non financial assets

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

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

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

2 Significant accounting policies (continued)

l) Employees' end of service benefits

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

m) Provisions

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

n) Accounts payable and accruals

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

o) Government term loans and deferred income

Carrying values

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

Finance charge

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

Deferred income

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

p) Operating income

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

q) Finance charges

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

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

2 Significant accounting policies *(continued)*

r) Taxation

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

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

s) Foreign currencies

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

t) Segment reporting

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

v) Dividend

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

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

w) Directors' remuneration and meeting attendance fees

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

x) Estimates and judgements

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

Al Anwar Holdings SAOG

Notes

(Forming part of the consolidated financial statements)

3 Property plant and equipment							RO '000
Group	Buildings on leasehold land	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Capital work in progress	Total	
Cost							
1-Apr-2009	1,015	4,234	125	196	508	6,078	
Disposal of a subsidiary	-	-	-	-	-	-	
Other disposals	-	-	-	-	-	-	
Additions during the year	35	99	16	11	1	162	
Transfers	-	509	-	-	(509)	-	
30-Sept-2009	1,050	4,842	141	207	-	6,240	
Depreciation							
1-Apr-2009	179	1,816	85	165	-	2,245	
Disposal of a subsidiary	-	-	-	-	-	-	
Relating to disposals	-	-	-	-	-	-	
Charge for the year	26	232	10	12	-	280	
30-Sept-2009	205	2,048	95	177	-	2,525	
Net book value							
At 30 Sept 2009	845	2,794	46	30	-	3,715	
At 30 Sept-2008	836	2,418	40	31	508	3,833	
Parent Company							
Cost	Motor vehicles	Furniture and fixtures	Total				
1-Apr-2009	29	71	100				
Additions during the year	-	5	5				
Disposals during the year	-	-	-				
30-Sept-2009	29	76	105				
Depreciation							
1-Apr-2009	19	67	86				
Charge for the year	3	2	5				
Disposals during the year	-	-	-				
30-Sept-2009	22	69	91				
Net book values							
At 30 Sept 2009	7	7	14				
At 30 Sept-2008	10	4	14				

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

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

4 Intangible assets

It represents goodwill arising on acquisition of subsidiary, Sun Packaging Company LLC.

5 Investments

Investments in subsidiaries, associates and investments at fair value through profit or loss represent companies registered in the Sultanate of Oman, Kuwait, Saudi Arabia and India as follows:

	Ownership interest		Status
	2009	2008	
	%	%	
<i>Subsidiaries</i>			
Al Anwar International Investment LLC	100.00	100.00	Unquoted
Sun Packaging Company LLC ("SPC")	62.50	62.50	Unquoted
Al Anwar Securities SAOC("AAS")	100.00	-	Unquoted
<i>Associates</i>			
National Aluminium Products Company SAOG ("NAPCO")	-	20.00	Quoted
Voltamp Energy SAOG and its Subsidiary ("VE")	28.71	28.71	Quoted
Falcon Insurance Company SAOC ("FIC")	40.56	40.56	Unquoted
Al Maha Ceramics Company SAOC ("AMCC")	32.00	32.00	Unquoted
Addax Securities, Saudi Arabia("Addax")	25.00	25.00	Unquoted
Al Anwar Blank Company SAOC ("AABCO")	40.00	40.00	Unquoted
Taageer Finance Company SAOG("Taageer")	18.91	-	
<i>Investments at fair value through profit or loss</i>			
National Aluminium Products Company SAOG ("NAPCO")	1.23	-	Quoted
Computer Stationery Industry SAOG ("CSI")	0.11	0.11	Quoted
Taageer Finance Company SAOG("Taageer")	-	17.56	Quoted
Al Ritaj Investment Company, Kuwait("Ritaj")	0.40	0.40	Unquoted
Almondz Global Securities Ltd, India("AGSL")	12.21	12.21	Quoted
Al Anwar Securities SAOC("AAS") (under formation)	-	100.00	Unquoted

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

During the period the company received an offer from Addax Bank Bahrain to swap the holding of Addax Securities Saudi Arabia with that of Addax Bank Bahrain. The Board evaluated the offer and approved. As a result, on post balance sheet date 3,111,111 shares of Addax Bank Bahrain were issued in lieu of 25% stake in Addax Securities Saudi Arabia.

AAH holds more than 18% stake in Taageer the company as on the reporting date However, as AAH has significant influence on the Board and therefore as required by IFRS, the status of investment was changed to Associate investment from other investments from the first quarter of 2009.

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

5 Investments (continued)

Schedule of investments in the above concerns is as follows:

Group	Quoted	Unquoted	2009	Quoted	Unquoted	RO'000
			Total			2008
						Total
Non-current assets						
Associates	9,616	5,776	15,392	5,851	6,119	11,970
Investments at fair value	2,117	139	2,256	6,420	1,139	7,559
	-----	-----	-----	-----	-----	-----
Carrying values	11,733	5,915	17,648	12,271	7,258	19,529
	-----	-----	-----	-----	-----	-----
Current assets						
Investment Held for Trading	222	-	222	578	-	578
	-----	-----	-----	-----	-----	-----
Carrying values	222	-	222	578	-	578
	-----	-----	-----	-----	-----	-----
Total carrying values	11,955	5,915	17,870	12,849	7,258	20,107
	=====	=====	=====	=====	=====	=====
Parent Company	Quoted	Unquoted	2,009	Quoted	Unquoted	2,008
			Total			Total
Non-current assets						
Subsidiaries	-	2,041	2,041	-	1,041	1,041
Associates	5,972	5,609	11,581	2,230	5,709	7,939
Investments at fair value	1,935	139	2,074	6,233	1,139	7,372
	-----	-----	-----	-----	-----	-----
Carrying values	7,907	7,789	15,696	8,463	7,889	16,352
	-----	-----	-----	-----	-----	-----
Current assets						
Investment Held for Trading	222	-	222	578	-	578
	-----	-----	-----	-----	-----	-----
Carrying values	222	-	222	578	-	578
	-----	-----	-----	-----	-----	-----
Total carrying values	8,129	7,789	15,918	9,041	7,889	16,930
	=====	=====	=====	=====	=====	=====

During the current reporting period there were no movements in the investments classified under level 3 (unquoted investments at fair value).

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

5 Investments (continued)

Investments having a total carrying value of RO 2.9 million (2008 - RO 2.9 million) are registered in the name of Al-Anwar International Investment LLC for and on behalf of the Parent Company.

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

	<u>2009</u>	<u>2008</u>
Voltamp Energy SAOG	317	255
National Aluminium Product Co. SAOG	199	159
Al Maha Ceramics SAOC	23	(120)
Al Anwar Blank Co. SAOC	(28)	(16)
Falcon Insurance Co. SAOC	128	470
Taageer Finance Co. SAOG	171	-
	-----	-----
Share of Profits / (Losses)	810	748
	=====	=====

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

	2009	2008
Quoted investments	%age	%age
Banking	1%	1%
Leasing	74%	62%
Financial Services	14%	6%
Industrial	8%	25%
Others	3%	6%
Total	100%	100%

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

	Percentage of the overall portfolio	Number of securities	Market value RO'000	Carrying value RO'000
2009				
Voltamp Energy SAOG	62%	14,355,000	9,819	474
Taageer Finance SAOG	24%	16,084,693	3,699	5,497
	=====	=====	=====	=====
2008				
Voltamp Energy SAOG	56%	14,355,000	11,943	4,077
Taageer Finance SAOG	23%	13,831,619	5,049	5,049
NAPCO SAOG	12%	6,713,170	2,665	1,967

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

5 Investments (continued)

On 3 July 2002, the Parent Company entered into an agreement for transferring its 60% interest in Sun Plastics Company LLC to the minority shareholder. Up to the date of approval of these financial statements, the formal transfer of shares to the minority shareholder has not taken place and the Management believes that the transfer will be completed by 31 March 2010. Pursuant to the agreement, the Parent Company no longer exercises control over Sun Plastics Company LLC and accordingly the subsidiary has been excluded from consolidation from March 2004.

6 Investment property

Investment in property represents 5,000 sq. mt. of land situated at Airport Heights with a permission of G + 6 Floor residential and commercial building(s). The land was purchased by the Parent Company intending to transfer it to the proposed real estate company towards capital contribution. Subsequently as the Board decided not to go ahead with formation of the company, the land is retained in the books of Parent company at its cost of RO 3.149 million which equals to its fair value as at the reporting date.

7 Inventories

	<i>RO '000</i>			
	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Raw materials	1,518	2,150	-	-
Work in progress	190	168	-	-
Finished goods	174	194	-	-
Less: Provision for slow moving and obsolescence	(34)	(6)	-	-
	-----	-----	-----	-----
	1,848	2,506	-	-
	=====	=====	=====	=====

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

	<i>RO '000</i>			
	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
1 April	24	164	-	-
Effect of (disposal) acquisition of subsidiary	10	(191)	-	-
Provided during the year	-	33	-	-
Provision write-back	-	-	-	-
	-----	-----	-----	-----
31 September	34	6	-	-
	=====	=====	=====	=====

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

8 a Trade and other receivables

	<i>RO '000</i>			
	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Trade receivables	2,955	2,997	-	-
Impairment provisions on accounts receivable	(130)	(93)	-	-
	2,825	2,904	-	-
Prepayments and other receivables	130	479	20	10
Amounts due from related parties [note 21]	155	180	155	180
	3,110	3,563	175	190
	=====	=====	=====	=====

a) Movement in impairment provision is as follows:

	<i>RO '000</i>			
1 April	203	114	-	-
Effect on (disposal) acquisition of subsidiary	-	(30)	-	-
Provided during the period	6	10	-	-
Write-back during the period	(79)	(2)	-	-
	130	93	-	-
31 September	130	93	-	-
	=====	=====	=====	=====

9 Cash and bank balances

	<i>RO '000</i>			
	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Cash in hand	2	2	-	-
Cash at bank:				
– Current accounts	184	127	112	10
– Deposit accounts	1,763	1,329	1,763	1,329
	1,949	1,458	1,875	1,339
	=====	=====	=====	=====

Deposit accounts carry interest at the rate of 1.25% per annum (2008: 1.25% per annum).

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

10 Share capital and reserves

a) Share capital

The authorised share capital of the Parent Company comprises 200,000,000 (2008 - 200,000,000) shares of 100 baisas (2008 – Bz 100) each. The issued and fully paid up share capital consists of 110,000,000 (2008 - 100,000,000) shares of 100 baisas (2008 – Bz. 100) each. Movement in number of shares during the year is as follows:

	2009 (No. of Shares)	2008 (No. of Shares)
Opening Balance	100,000,000	88,550,000
Stock dividend	10,000,000	11,450,000
Share split	-	-
Right issue	-	-
	-----	-----
Closing Balance	110,000,000	100,000,000
	=====	=====

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

	2009 Number of shares held	2009 (%)	2008 Number of shares held	2008 (%)
Fincorp Investment Co. LLC	27,616,578	25.11	25,378,708	25.38
Financial Services Co. (Trust)/ Gulf	20,988,570	19.08	19,080,519	19.08
Al Khonji Invest LLC	8,000,000	7.27	7,837,380	7.84
Mohamed & Ahmed Al Khonji Co.	5,537,229	5.03	5,033,845	5.03
	=====	=====	=====	=====

b) Legal reserve

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

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

c) Fair value reserve

The Group recognises its share of fair value reserve of the associates and subsidiaries, if applicable.

11 Minority interest

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

	2009		2008	
	<i>Results</i>	<i>Net assets</i>	<i>Results</i>	<i>Net assets</i>
Voltamp Manufacturing Company LLC	-	-	276	-
Sun Packing Company LLC	98	678	21	667
Total	98	678	297	667

RO '000

Al Anwar Holdings SAOG

Notes

(Forming part of the consolidated financial statements)

12 Term loans

	Group	Group	Parent	<i>RO '000</i>
	2009	2008	Company	Parent
			2009	Company
				2008
Non Current Portion				
From commercial banks	3,901	6,813	3,867	6,719
From Government	456	530	-	-
Deferred Government Grant	122	122	-	-
	-----	-----	-----	-----
	4,479	7,465	3,867	6,719
	-----	-----	-----	-----
Current Portion				
From commercial banks	866	709	800	583
From Government	67	50	-	-
	-----	-----	-----	-----
	933	759	800	583
	-----	-----	-----	-----

Repayment schedule of the Group is as follows:

2009	Total RO'000	Within one year RO'000	1-2 years RO'000	2-7 years RO'000
Commercial banks	4,767	866	1,133	2,768
Government	645	67	150	428
	-----	-----	-----	-----
	5,412	933	1,283	3,196
	=====	=====	=====	=====
2008				
Commercial banks	7,522	709	866	5,947
Government	702	50	67	585
	-----	-----	-----	-----
	8,224	759	933	6,532
	=====	=====	=====	=====

Repayment schedule of the Parent Company is as follows:

2009	<i>RO '000</i>			
Commercial banks	4,667	800	1,100	2,767
	=====	=====	=====	=====
2008				
Commercial banks	7,302	583	800	5,919
	=====	=====	=====	=====

Al Anwar Holdings SAOG

Notes

(Forming part of the consolidated financial statements)

12 Term loans (continued)

Term loan obtained by a subsidiary company from Bank Dhofar (RO 0.100 million) is secured by a first commercial mortgage with insurance cover on specific assets acquired from the term loan, a second pari-passu charge over fixed and current assets and proportionate guarantee of the Members.

Term loans obtained by the Parent Company from Bank Muscat (RO 1.632 million), National Bank of Oman (RO 0.700 million) and Bank Dhofar (RO 2.335 million) are secured by pledge of the shares in subsidiaries, associates and other investments.

Government term loans are secured by joint insurance and a first charge on all assets of the subsidiary except specific assets mortgaged to Bank Dhofar.

The above loans carry interest rate ranging from 3% to 7.5% (2008 – 3% to 7%) per annum.

13 Accounts and other payables

	Group 2009 RO'000	Group 2008 RO'000	Parent Company 2009 RO'000	Parent Company 2008 RO'000
Trade payables	2,115	2,492	42	26
Accruals and other payables	226	141	5	20
Provision for Income Tax	236	-	236	-
Unpaid Dividend	-	-	-	-
Amounts due to related parties (note 21)	-	323	1061	435
	2,577	2,956	1,344	481

14 Short term bank borrowings

The Parent Company has overdraft facilities of RO 350,000 (2008 – RO 50,000) from commercial banks. Interest rate is ranging from 6.75% & 7.5% per annum (2008:7.5% per annum).

The subsidiaries have overdraft, bill discounting and loan against trust receipt facilities at the balance sheet date in the aggregate amount of approximately RO 3.541 million (2008: RO 3.864 million). Interest is charged at rates ranging from 6% to 8% (2008 - 6% to 8%) per annum. These facilities are secured by:

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

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

15 Net assets per share

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

	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Net assets attributable to the shareholders of the Parent Company (RO'000)	19,365	18,294	15,110	13,836
Number of shares outstanding at 30 June ('000)	110,000	100,000	110,000	100,000
Net assets per share (in Baisas)	176	183	137	138

16 Basic earnings per share

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

Net profit for the year attributable to equity shareholders of Parent Company (RO'000)	3,048	4,024	1,987	1,658
Weighted average number of shares outstanding ('000)	110,000	110,000	110,000	110,000
Basic earnings per share (in Baisas)	28	37	18	15
Basic earnings per share Annualised (in Baisas)	56	74	36	30

17 Dividend Income

	Group 2009 RO'000	Group 2008 RO'000	Parent Company 2009 RO'000	Parent Company 2008 RO'000
Sun Packaging LLC	-	-	-	73
Others	1	-	1	-
	1	-	1	73

18 Other income

	Group 2009	Group 2008	Parent Company 2009	RO' 000 Parent Company 2008
Recovery from Majan Glass	-	249	-	249
Interest income	42	87	37	86
Miscellaneous income	1	18	1	0
	43	354	38	335

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

19 Gain on Disposal of Investments

	RO'000			
	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Sale Proceed on partial disposal of NAPCO	3,178	-	3,178	-
Sale proceeds on partial disposal of VE	-	3,101	-	3,101
Associated carrying value / cost	(1,594)	(856)	(1,675)	(190)
	1,584	2,245	1,503	2,911
Gain on disposal	(27)	50	(27)	50
	1,557	2,295	1,476	2,961
Total gain on disposal of investments	1,557	2,295	1,476	2,961

20 Taxation

The Group is subject to income tax at the rate of 12% of taxable profits in excess of RO 30,000 in accordance with the income tax laws of the Sultanate of Oman.

Temporary differences arising in subsidiaries in respect of depreciation, impairment provision and slow moving inventories have given rise to a net deferred tax liability of approximately RO 45,443 (2008: RO 58,872). The Parent Company's Board of Directors have not recognised a deferred tax asset arising due to accumulated carry forward tax losses as a matter of prudence. The provision for tax in group consolidated accounts represents provision created by its subsidiary. The parent company did not make any provision for taxation as the profit is generated out of non taxable income only.

The Parent Company's assessments for the tax years 2004 to 2008 and of subsidiaries for the years ranging from 2003 to 2008 have not yet been finalised. The Board of Directors believe that additional taxes, if any, on the finalisation of assessment for the above tax years would not be material to the Group's and Parent Company's financial position at the balance sheet date.

Al Anwar Holdings SAOG

Notes

(Forming part of the consolidated financial statements)

21 Related party transactions and balances

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

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

<u>a. Income</u>	2009	2008
Management & sitting fees	19	6
<u>b. Expenses</u>	Nature of Expenses	
Premier Logistics	0	6
Al Jizzi & Co. / Bausher Chemicals	0	2
Falacoon Insurance Co. SAOC	17	15
Total	17	23

c. Loans , Advance , Receivables , Payable , Provisions and Write Offs

GROUP

<u>Receivable from related</u>	Nature of dues	
ABI Precision Casting	Mgt fee & Expenses	4
Al Anwar real estate	Expenses	0
Al Maha Ceramics	Project Expenses	151
Total receivable from related party		155
<u>Payable to related party</u>		
Al Anwar Securities SAOC*	Advances	-
Total Payable to related parties		323

PARENT COMPANY

<u>Receivable from related</u>	Nature of dues	
ABI Precision Casting	Mgt fee & Expenses	4
Al Anwar real estate	Expenses	0
Al Maha Ceramics	Project Expenses	151
Total receivable from related party		155
<u>Payable to related party</u>		
Al Anwar Intl Investments	Purchase of Shares	111
Al Anwar Securities SAOC*	Advances	950
Total Payable to related parties		1,061

* Amount due to/from is knocked-off on group consolidation in 2009

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

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

22 Employee related expenses

Total employee related expenses included in operating expenses comprise:

	Group	Group	Parent	RO'000
	2009	2008	Company	Parent
			2009	Company
				2008
Salaries and wages	284	242	49	46
Other benefits	135	133	100	109
Contributions to defined contribution retirement plans for Omani employees	7	6	1	1
Cost of end of service benefits for expatriate employees	14	20	5	13
	-----	-----	-----	-----
	440	400	155	168
	=====	=====	=====	=====

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

	Group	Group	Parent	RO '000
	2009	2008	Company	Parent
			2009	Company
				2008
Opening balance	78	135	8	3
Effect of (disposal) acquisition of subsidiaries	-	(78)	-	-
Expenses recognised in the income statement	11	10	2	3
Paid during the year	(3)	(3)	-	-
	-----	-----	-----	-----
Closing balance	86	64	10	6
	=====	=====	=====	=====

The compensation to key management personnel for the year comprises:

	Group	Group	Parent	RO '000
	2009	2008	Company	Parent
			2009	Company
				2008
Short term employment benefits	135	143	61	61
End of service benefits	5	5	2	2
Directors' remuneration and sitting fees	18	11	8	7
	=====	=====	=====	=====

23 Contingencies

	RO '000			
	Group	Group	Parent	Parent
	2009	2008	Company	Company
			2009	2008
Guarantees:				
- Subsidiaries	3,524	4,932	3,524	2,914
- Associates	2,640	2,064	2,640	2,064
- Others	5	5	5	5
	-----	-----	-----	-----
Letters of credit by subsidiary companies	6,169	7,001	6,169	4,983
	502	214	-	-
	-----	-----	-----	-----
	6,671	7,215	6,169	4,983
	=====	=====	=====	=====

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

24 Commitments

Operating lease commitments:

Group	2009 RO'000	2008 RO'000
Less than one year	5	5
Between one to five years	35	35
More than 5 years	92	98
	-----	-----
	132	138
	=====	=====

25 Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

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

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

Credit risk

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

Trade and other receivables

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

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

25 Financial risk management (continued)

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

	Gross 2009 RO'000	Impairment 2009 RO'000	Gross 2008 RO'000	Impairment 2008 RO'000
Not past due	2,765	-	2,427	-
Past due 1 -90 days	225	14	632	-
Past due 91-365 days	2	1	118	93
Past due more than 365 days	118	115	-	-
	-----	-----	-----	-----
Total	3,110	130	3,177	93
	=====	=====	=====	=====

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

	Carrying amount 2009 RO'000	2008 RO'000
Sultanate of Oman and GCC countries	765	954
Others	2,190	2,043
	-----	-----
	2,955	2,997
	=====	=====

Liquidity risk

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

The Group uses local banks operating in the Sultanate of Oman to ensure that it has sufficient cash on demand to meet expected operational expenses and sufficient credit facilities to manage its liquidity risk. The Group has total credit facilities in the amount of RO 14 million from five banks. Short term loans and overdraft ranging are, on average, utilized for period of 15 to 30 days to bridge the gap between collections of receivables and settlement of product purchase bills during the middle of every month. The maturities of Group's undiscounted financial liabilities at reporting date is as below:

					RO '000
Liquidity risk	Carrying	Contractual	Less than	6 months	Above 1
2009	amount	cash flows	6 months	to 1 year	year
<i>Non-derivative financial liabilities</i>					
Term loans	5,412	5,791	742	191	4,858
Bank borrowings	3,541	3,807	3,807		
Trade and other payables	2,341	2,341	2,341		
Total	11,294	11,939	6,890	191	4,858
2008					
<i>Non-derivative financial liabilities</i>					
Term loan	8,224	8,840	308	451	8,081
Bank borrowings	3,864	5,228	5,228		
Trade and other payables	2,942	2,942	2,942		
Total	15,030	17,010	8,478	451	8,081

Al Anwar Holdings SAOG

Notes

(forming part of the consolidated financial statements)

25 Financial risk management *(continued)*

Market risk

Interest rate risk

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

Equity price risk

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

Sensitivity analysis – equity price risk

The following table demonstrates the sensitivity of the Group's equity and profit or loss to a 5% change in the price of its equity holdings, assuming all other variables in particular foreign currency rates remain constant. Change of 5% in value of equity securities would impact results and equity by RO 0.406 million (2008: 0.452 million)

Currency risk

The Group's exposure to currency risk mainly relates to its investment in Almondz Global Securities, India in the amount equivalent to RO 1.127 million at the reporting date. Change of 10% in currency fluctuations would impact results and equity by RO 112,700.

Capital management

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

Fair value

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

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Notes

(forming part of the consolidated financial statements)

26 Segmental information

Primary reporting format – business segments

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

- a) Industrial segment, which is engaged in producing and distributing different industrial products such as transformers, aluminium products and printed packaging materials and
- b) Investment segment, which is engaged in investment in projects and their management. Investment segment is the only business segment in the Parent Company, hence not been disclosed separately.

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

Financial information in respect of the segments is presented in Schedule I on page 33.

Secondary reporting format - Geographical Segments

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

	2009	2008	2009	2008
	Operating	Operating	Accounts	Accounts
	income	income	receivable	Receivable
	RO'000	RO'000	RO'000	RO'000
Sultanate of Oman and GCC countries	2,397	5,292	765	1,403
Others	2,521	2,848	2,060	1,501
	-----	-----	-----	-----
	4,918	8,140	2,825	2,904
	=====	=====	=====	=====

27 Comparative figures

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

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Schedule I – Segmental information

	Industrial Group		Investment Group		RO '000 Total Group	
	2009	2008	2009	2008	2009	2008
Income						
Sales	4,918	8,140	-	-	4,918	8,140
Dividend Income	-	-	1	-	1	-
Other Income	-	19	43	335	43	354
TOTAL INCOME	4,918	8,159	44	335	4,962	8,494
Operating Expenses	(4,453)	(7,158)	(223)	(243)	(4,676)	(7,401)
Gross operating Profit	465	1,001	(179)	92	286	1,093
Finance Charges	(186)	(207)	(181)	(239)	(367)	(446)
Share of profits of associates	-	-	810	748	810	748
Profit on sale of investments	-	-	1,557	2,295	1,557	2,295
Unrealised gain/(loss)	-	-	878	721	878	721
Profit before Income tax	279	794	2,885	3,617	3,164	4,411
Taxation	(18)	(90)	-	-	(18)	(90)
Net Profit/(Loss) for the Period	261	704	2,885	3,617	3,146	4,321
Total Assets	8,508	9,269	23,196	24,859	31,704	34,128
Total Liabilities	6,699	7,489	4,962	7,678	11,661	15,167