

Notes

(forming part of the unaudited, condensed interim 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” as defined in note 6) 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 - General

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. Statement of compliance and basis of preparation

The unaudited condensed interim consolidated 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 (“CMA”).

The unaudited condensed interim consolidated 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 which are stated at amortised cost.

The unaudited condensed interim consolidated financial statements are presented in Rial Omani (“RO”), which the Board of Directors believes is the functional currency of the Parent Company. All financial information presented in RO has been rounded to the nearest thousand.

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 unaudited financial statements of subsidiaries are included in the unaudited condensed interim 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 unaudited condensed interim consolidated financial position incorporates the assets and liabilities of the Parent Company 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 preceding 30 June. Adjustments are made for significant transactions which took place between the reporting date of subsidiaries and the Parent Company.

Notes

(forming part of the unaudited, condensed interim consolidated financial statements)

2. Significant accounting policies - General *(continued)*

c. Investments

Subsidiary

In the Parent Company's stand alone unaudited condensed statement of financial position, 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 unaudited condensed interim 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 preceding 30th September. 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 stand alone unaudited condensed statement of financial position.

Investments held to maturity

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

Investments at fair value through profit or loss

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

Trading assets

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

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

Investments available for sale

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

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 financial position date. Unquoted investments are valued at fair value when they can be reliably measured; otherwise they are stated at cost

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2. Significant accounting policies - General(continued)

c. Investments (continued)

Dividend income

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

Gain on disposal of investments

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

d. Intangible assets

Goodwill

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

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

e. Leases

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

f. Property, plant and equipment

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

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

	Years
Buildings on leasehold land	20
Plant, machinery and equipment	4 - 15
Motor vehicles	3 - 5
Furniture and fixtures	3 - 8
Software	3
Capital work in progress is not depreciated.	

g. Investment properties

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

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

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(forming part of the unaudited, condensed interim consolidated financial statements)

2. Significant accounting policies - General *(continued)*

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 month from the financial position date.

k. Impairment

Financial assets

At each financial position 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-

Non financial assets

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

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

l. Employees' end of service benefits

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

m. Provisions

A provision is recognized in the financial position 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.

Notes

(forming part of the unaudited, condensed interim consolidated financial statements)

2. Significant accounting policies - General *(continued)*

n. Trade and other payable

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 profit or loss in such a way as to spread the income over the effective interest charge to which it relates.

p. Operating income

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

q. Finance charges

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

r. Taxation

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

Notes

(forming part of the unaudited, condensed interim consolidated financial statements)

2. Significant accounting policies - General *(continued)*

t. Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Parent Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

u. Dividend

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 stand alone unaudited condensed statement of financial position in the period in which the dividend is declared.

v. 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.

w. 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.

x. Earnings and net assets per share

The Group presents earnings per share (EPS) and net assets per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

y. New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2011, and therefore have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the Group.

Notes

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3. Significant Accounting Policies - Insurance Operations

a. Gross premium written

Premium on insurance contracts are recognized as revenue (earned premiums) proportionally over the period of coverage.

b. Reserve for unexpired risks/ unearned premium reserve

The reserve for unexpired risk represents the estimated portion of net premium income after deduction of the reinsurance share which relates to period of insurance subsequent to the statement of financial position date

The reserve is calculated in accordance with the Insurance Companies Law of the Sultanate of Oman at 45% of the net retained premium for the year, for all classes of general business. The reserve for unexpired risks for life business is created on the basis of actuarial valuation performed on an annual basis.

c. Commission earned and paid

Commission earned and paid are recognised at the time policies are written.

d. Provision for out standing claims

Provision for outstanding claims is recognized at the date the claims are known and covers the liability for loss and loss adjustment expenses based on loss reports from independent loss adjusters and management best estimate.

e. Reinsurer's share of claims

Contracts entered into by the subsidiary with reinsurers under which the subsidiary is compensated for losses on one or more insurance contracts issued by the subsidiary are classified as reinsurance contract held by the subsidiary. The benefits to which the subsidiary is entitled under its reinsurance contracts held are recognised as reinsurance assets. these assets consists of short term balances due from reinsurers. Amount recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expenses when due.

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4. 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						
01-Apr-10	1,078	5,093	161	223	6	6,561
Arising from acquisition of subsidiary	-	-	46	239	-	285
Additions during the period	4	244	9	33	-	290
Disposal during the period	-	-	(16)	(6)	-	(22)
31-Dec-10	1,082	5,337	200	489	6	7,114
Depreciation						
01-Apr-10	231	2,256	104	191	-	2,782
Arising from acquisition of subsidiary	-	-	33	176	-	209
Charge for the period	40	343	19	34	-	436
Related to disposal	-	-	(16)	(2)	-	(18)
31-Dec-10	271	2,599	140	399	-	3,409
Net book value						
At 31 December 2010	811	2,738	60	90	6	3,705
At 31 December 2009	838	2,778	42	28	5	3,691
At 31 March 2010	847	2,837	57	32	6	3,779

5. Intangible assets

It represents goodwill arising on acquisition of subsidiary as follows:

	Customer Portfolio	License	Goodwill	Goodwill on consolidation ^a	Total
Cost					
01-Apr-10	-	-	-	63	63
Arising from acquisition of subsidiary	560	290	100	-	950
Arising from consolidation	-	-	-	393	393
31-Dec-10	560	290	100	456	1,406
Amortisation					
01-Apr-10	-	-	-	-	-
Arising from acquisition of subsidiary	271	68	-	-	339
Charge during the period	18	13	-	-	31
31-Dec-10	289	81	-	-	370
Net book value					
At 31 December 2010	271	209	100	456	1,036
At 31 December 2009	-	-	-	63	63
At 31 March 2010	-	-	-	63	63

* During the period parent company increased its share in Falcon Insurance Company SAOG up to 51% and it became AAH subsidiary w.e.f. 1st June, 2010, thereby its Statement of Financial Position as on 30th September, 2010 was consolidated in the group accounts of AAH. Goodwill on consolidation represents goodwill on Sun Packaging Co. LLC (RO 63,000) & Falcon Insurance Co.SAOC (RO 393,000)

Notes

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6. Investments

Investments in subsidiaries, associates and investments at fair value through profit or loss represent companies registered in the Sultanate of Oman, Kuwait, Bahrain and India having financial reporting periods ended on 30 September, 2010. The carrying value of these investments are as follows:

		RO'000		
		31-Dec 2010	31-Dec 2009	31-Mar 2010
Associates :	Quoted	12,217	10,753	10,481
	Unquoted	725	3,894	3,728
	Total	12,942	14,647	14,209
At fair value through statement of Income :				
	Quoted	3,193	2,068	2,269
	Un Quoted	875	2,055	1,787
	Total	4,068	4,123	4,056
Available for sale investments:				
	Quoted	116		
	Unquoted	121		
	Total	237	-	-
Held for trading :				
	Quoted	42	128	398
Total Investments		17,289	18,898	18,663

Investments having a total carrying value of RO 1.3 million (2009: RO 2.6 million) are registered in the name of Al-Anwar International Investment LLC for and on behalf of the Parent Company.

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

a. Investment in subsidiary

Details of investment in subsidiaries of the parent company are as follows: -

	Proportion held		(RO '000)	
	31-Dec 2010	31-Dec 2009	Paid up share capital 31-Dec 2010	31-Dec 2009
Falcon Insurance SAOC (FIC)	51%	-	5,400	-
Al Anwar Securities SAOC (AAS)	100%	100%	1,000	1,000
Sun Packaging Company LLC (SPC)	62.50%	62.50%	1,550	1,550
Al Anwar International Investment LLC (AII)	100%	100%	150	150

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.

The Parent Company has not exercise any control over Sun Plastics Company LLC since 2002 and accordingly the subsidiary has been excluded from consolidation from March 2004. Further a legal opinion was also obtained clarifying that the Parent Company has no liabilities with respect to operations of Sun Plastics Company LLC, pursuant to the aforementioned agreement.

During the period, the Parent Company increased its shareholding in Falcon Insurance Company SAOC (FIC). Accordingly it became an subsidiary w.e.f. 1st June, 2010. The Statement of Financial Position of FIC as of 30th September, 2010 and Statment of Comprehansive Income for the period between 1st June, 2010 and 30th September, 2010 were therefore consolidated with parent company financials.

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(forming part of the unaudited, condensed interim consolidated financial statements)

6. Investments (Continued)

b. Investment in associates

Summary of financial information for investment in associates not adjusted for the percentage held by the Parent Company:

	Shareholding percentage	Status	Total assets	Total liabilities	Total revenues	RO'000 Profit or loss
31-Dec-10						
Taageer Finance Company SAOG	22.67%	Quoted	78,020	58,276	6,486	1,601
Voltamp Energy SAOG	28.71%	Quoted	17,544	2,394	10,057	2,002
Al Maha Ceramics SAOC	32.00%	Unquoted	10,183	8,178	1,941	(233)
ABI Precision Casting SAOC*	40.00%	Unquoted	621	451	117	(31)
			106,368	69,299	18,601	3,339
31-Dec-09						
Taageer Finance Company SAOG	18.91%	Quoted	77,371	59,247	6,467	1,503
National Aluminium Products Co. SAOG (NAPCO)	15.00%	Quoted	15,510	9,543	10,763	1,324
Voltamp Energy SAOG	28.71%	Quoted	16,254	1,895	9,502	1,708
Falcon Insurance Company SAOC	40.56%	Unquoted	15,903	9,306	636	270
Al Maha Ceramics SAOC	32.00%	Unquoted	10,863	8,404	2,708	(117)
ABI Precision Casting SAOC	40.00%	Unquoted	801	550	230	(80)
			136,702	88,945	30,306	4,608

*AABCO ceased its operations from 30th April, 2010 and is under liquidation. The parent company made a total provision of RO 320,000 till date and the management believes that the investment in AABCO is stated at its recoverable value.

The movement in carrying value of investments in associates, net of impairment, in group accounts is as follows:

	2010	RO'000 2009
At 1 April	14,209	10,756
Additional investments/transfer from investments	785	1
Disposal of investment/transfer to investments	(3,032)	-
Share of profit after tax	980	1,013
At 31 December	12,942	11,770

c. Investment at fair value through Statement of Income

Sector-wise analysis of the Group's investment in financial asset at fair value through statement of comprehensive income is as follows:

	31-Dec 2010	31-Dec 2009
Banking	7%	2%
Leasing	18%	16%
Financial services	52%	73%
Industry	5%	1%
Others	18%	3%

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6. Investments (Continued)

c. Investment at fair value through Statement of Income (Continued)

Group's investment in investment at fair value through statement of comprehensive income having the market value of 10% or more of the Group's total quoted investments in quoted securities is as follows:

	Percentage of the portfolio	Number of securities	Market value RO'000	Carrying value RO'000
Dec-10				
Almondz Global Securities Ltd.	38%	3,091,500	1,242	1,242
Dec-09				
Taageer Finance Bonds	33%	5,643,247	731	731
Almondz Global Securities Ltd.	55%	3,091,500	1,207	735

Group's investment at fair value thru statement of comprehensive income are further analysed as follows:-

	Fair value		Book Value		RO'000
	31-Dec 2010	31-Dec 2009	31-Dec 2010	31-Dec 2009	Fair Value 31-Mar 2010
Quoted					
Quoted at Muscat Securities Market					
Banking	306	73	306	73	76
Leasing	736	731	736	731	752
Industry & Others	909	57	909	57	58
Quoted at foreign securities markets			-	-	
Financial Services	1,242	1,207	1,242	1,207	1,383
Total quoted investment	3,193	2,068	3,193	2,068	2,269
Unquoted					
Financial Services	875	2,055	875	2,055	1,787
Total unquoted investment	875	2,055	875	2,055	1,787
Total investment at Fair value thru Statement of Income	4,068	4,123	4,068	4,123	4,056

In accordance with the Oman Insurance Companies Law of 1979 ("the legislation"), as amended, a subsidiary of the Group has pledged certain investments under lien to the Capital Market Authority amounting to RO 5,410,697 as at 30 September 2010 (30 September 2009 – RO Nil). Under the terms of the legislation, the company may utilise these assets only with the prior approval of the Capital Market Authority.

7. Group's share of profits / (loss) of associates:

	30-Sep 2010	RO'000 30-Sep 2009
Voltamp Energy SAOG	575	490
National Aluminium Products Company SAOG	-	199
Falcon Insurance Company SAOC (FIC)*	118	109
ABI Precision Castings SAOC	(14)	(32)
Al Maha Ceramics SAOC	(75)	(37)
Taageer Finance Company SAOG	376	284
	980	1,013

* The share of profit from FIC pertains to the period from 1st January, 2010 to 31st May, 2010 during which FIC was an associate of AAH.

8. Investment property

Investment property represents land purchased by the Parent Company intended for sale or development. The land is stated at its cost of RO 3.148 million. Management believes that costs are equals to its fair value at the reporting date. It also includes land purchased by one of its subsidiary which is stated at fair value.

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9. Inventories

	31-Dec 2010	31-Dec 2009	RO'000 31-Mar 2009
Raw materials	2,233	1,482	1,656
Work in progress	219	93	177
Finished goods	62	228	185
Less: Impairment allowance	(35)	(36)	(39)
	2,479	1,767	1,979
Movement in the impairment allowance is as follows:			
As at 1st April	39	24	24
Provided during the period	(4)	-	15
As at 31st December	35	24	39

10. Trade and other receivables

	31-Dec 2010	31-Dec 2009	RO'000 31-Mar 2009
Trade receivables	3,179	2,718	2,861
Premium receivable	2,110	-	-
Impairment allowance	(102)	(138)	(103)
	5,187	2,580	2,758
Prepayments and other receivables	2,174	53	954
Amounts due from related parties (note 18)	275	155	184
	7,636	2,788	3,896
Movement in impairment allowance is as follows:			
As at 1st April	103	203	203
Provided during the period	-	14	21
Written back during the period	(2)	(79)	(121)
As at 31st December	101	138	103

Notes

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11. Insurance liabilities and reinsurance assets

RO'000
30-Sep
2010

Gross

- Outstanding claims reported and loss adjustment expenses	5,784
- Claims incurred but not reported (IBNR) *	100
- Unearned premium reserve ** (UPR)	1,614

Total insurance liabilities – Gross	7,498
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Recoverable from reinsurers

- Outstanding claims reported and loss adjustment expenses	4,923
- Claims incurred but not reported (IBNR)	-
- Unearned premium reserve (UPR)	-

Total reinsurers' share of insurance liabilities	4,923
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Net

- Outstanding claims reported and loss adjustment expenses	861
- Claims incurred but not reported (IBNR)	100
- Unearned premium reserve (UPR)	1,614

Total insurance liabilities – net	2575
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Note: As FIC became subsidiary from 1st June, 2010, the Insurance Liabilities and assets are consolidated for the period during the current year.

* IBNR represents provisions for losses incurred but not yet reported.

**Unearned premium reserve represents the element of premium income, relating to periods of cover after the period end.

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12. Share capital and reserves

a) Share capital

The authorised share capital of the Parent Company comprises 200,000,000 (2009: 200,000,000) shares of 100 baisas (2009: Bz 100) each. The issued and fully paid up share capital consists of 120,000,000 (2009: 110,000,000) shares of 100 baisas (2009: Bz. 100) each. Movement in number of shares during the year is as follows:

	2010	2009
01-Apr	<u>110,000,000</u>	<u>100,000,000</u>
Stock dividend	<u>10,000,000</u>	<u>10,000,000</u>
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31-Dec	<u>120,000,000</u>	<u>110,000,000</u>
	=====	=====

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

	Number of shares held	2010	Number of shares held	2009
Fincorp Investment Company LLC	30,018,084	25.02%	27,516,578	25.02%
Financial Services Company SAOG - Trust	19,429,202	16.19%	20,060,102	18.24%
Al Khonji Invest LLC	-	0.00%	3,500,000	3.18%
Mohamed and Ahmed Al Khonji LLC	6,040,613	5.03%	5,537,229	5.03%
	=====	=====	=====	=====

b) Legal Reserve

As required by Article 106 of the Commercial Companies Law of the Sultanate of Oman, the Company and each of the Group entities incorporated in the Sultanate of Oman, transfer 10% of their profit for the year to such reserve until such time as the statutory reserve amounts to at least one third of the respective company's capital.

c) Fair Value Reserve

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

Notes*(forming part of the unaudited, condensed interim consolidated financial statements)***13. Term Loans**

	RO'000		
	31-Dec 2010	31-Dec 2009	31-Mar 2009
Non-current portion			
From commercial banks	5,399	4,144	4,250
From Government	364	456	331
Deferred government grant	136	122	93
	5,899	4,722	4,674
Current portion of term loans			
From commercial banks	233	833	1,134
From government	86	67	133
	319	900	1,267
	6,218	5,622	5,941

Term loans obtained by the Parent Company from commercial banks are secured by pledge of the shares in subsidiaries, associates and other investments.

Government term loans are obtained by a subsidiary and are secured by joint insurance and a first charge on all assets of the subsidiary.

14. Bank Borrowings

The Parent Company has overdraft facilities of RO 550,000 (2009: RO 350,000) from two commercial banks. The interest on bank borrowings is charged at commercial rates.

A subsidiary of the group has total working capital facilities of RO 5.4 million (2009: RO 5 million). The interest is charged at commercial rate. The facility is secured by second pari-passu charge on the assets of the company.

15. Trade and Other payables

	RO'000		
	31-Dec 2010	31-Dec 2009	31-Mar 2009
Trade payables	4,118	1,685	1,865
Accruals and other payables	236	256	334
Provision for income tax	236	236	236
Amounts due to related parties (note 18)	0	7	28
	4,590	2,184	2,463

Notes

(forming part of the unaudited, condensed interim consolidated financial statements)

16. Underwriting results

This is analysed as follows:

	4 months ended 30-Sep-10 RO '000
Revenue	
Gross written premiums (net of commission) arising from insurance contracts	4,192
Movement in unearned premiums	(463)
Insurance premium revenue (a)	<u>3,729</u>
Premiums (net of commission) ceded to reinsurers on insurance contracts issued	(2,795)
Policy Fees earned	261
Insurance premium ceded to reinsurers (b)	<u>(2,534)</u>
Gross insurance claims and loss adjustment expenses	(2,441)
Insurance claims and loss adjustment expenses recovered from reinsurers	1,693
Net claims incurred (c)	<u>(748)</u>
Expenses for the acquisition of insurance contracts (d)	(118)
	-
Underwriting results (a+b+c+d)	<u><u>329</u></u>

During the period parent company increased its share in Falcon Insurance Company SAOG up to 51% and it became AAH subsidiary w.e.f. 1st June, 2010, therefore, the underwriting results of the subsidiary were consolidated for the period of 4 months during the current year.

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17. Investment income

	9 months ended 31-Dec 2010	9 months ended 31-Dec 2009
Net unrealised (loss) / gains on investments at fair value through statement of comprehensive income	(1,108)	937 *
Gain on disposal of investments	-	1,585 **
Exchange gain on investments at fair value through statement of Comprehensive income	7	-
Realised gain on sale of held for trading investment	7	166
Loss on sale of investmetn at fair value through statement of comprehensive income	(12)	(54)
Dividend income	-	8
	(1,106)	2,642

* The losses primarily pertains to mark to market losses for our investments in India and Bahrain.

** The gain on disposal of investment, during last year, represents profit on divestment of stake in National Aluminium Products Company SAOG

17 (a). Other income

	9 months ended 31-Dec 2010	9 months ended 31-Dec 2009
Sitting fees	11	23
Interest income	86	31
Dividend from other investments	11	-
Miscellaneous income	12	-
	120	54

Notes*(forming part of the unaudited, condensed interim consolidated financial statements)***18. Related Party transaction**

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 period related party transactions were as follows:

	9 months ended 31-Dec 2010	RO'000 9 months ended 31-Dec 2009
Transactions entered into by the Parent Company		
Remuneration and meeting attendance fees income	11	24
Directors Remuneration and sitting fees paid	14	12
	=====	=====
Transactions entered into by subsidiary company:		
<u><i>Sun Packaging Company LLC</i></u>		
Sales	-	-
Purchases	-	-
Other expenses	2	2
	=====	=====
<u>Falcon Insurance Company SAOC</u>		
Premium received	227	-
Claims paid	41	-
	=====	=====

b) Dues from related party and dues to related party were as follows:

	2010 31-Dec	2009 31-Dec	RO'000 2010 31-Mar
<i>Due from related parties (note 10)</i>			
ABI Precision Castings SAOC	4	4	4
Al Maha Ceramics SAOC	180	151	180
In the Books of subsidiary : Falcon Insurance Co. SAOC	91	-	-
	275	155	184
<i>Due to related parties (note 15)</i>			
Falcon Insurance Company SAOC	0	7	28
	0	7	28

The amounts due to and due from related parties is interest free, unsecured and are repayable on demands as under:

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19. Operating segments

Primary reporting format – business segments

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

- a) Industrial segment, which is engaged in producing and distributing different industrial products such as 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.
- c) After increasing the stake in Falcon Insurance, the group has added Insurance segment also w.e.f. 1st June, 2010, which is engaged in providing general, life and medical insurance in the Sultanate of Oman.

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 are as follows: -

	Industrial Segment	Investment Segment	Insurance Segment*	RO '000 Total
31-Dec-10				
Total Revenue	7,251	-6	329	7,574
Segment Results	365	-564	-14	-213
* Only for the period between 1st June, 2010 and 30th June, 201				

	Industrial Segment	Investment Segment	Total
31-Dec-09			
Total Revenue	7,060	3,708	10,768
Segment Results	341	3,112	3,453

Total assets for each segment which have changed significantly are as follows:

	Industrial Segment	Investment Segment	Insurance Segment	RO '000 Total
31-Dec-10				
Total Assets	9,385	19,044	19,014	47,443
Total Liabilities	7,471	5,179	12,312	24,962
31-Dec-09				
Total Assets	8,170	24,104		32,274
Total Liabilities	5,559	6,365		11,924
31-Mar-10				
Total Assets	8,820	24,597		33,417
Total Liabilities	6,885	6,332		13,217

Notes

(forming part of the unaudited, condensed interim consolidated financial statements)

20. Contingent Liabilities and Commitments

	RO '000		
	2010	2009	2010
	31-Dec	31-Dec	31-Mar
Guarantees:			
- Subsidiaries	50	3,524	3,524
- Associates	2,640	2,640	2,640
- Others*	0	5	5
	<u>2,690</u>	<u>6,169</u>	<u>6,169</u>
Letters of credit by subsidiary companies	244	548	255
	<u>2,934</u>	<u>6,717</u>	<u>6,424</u>

*Other guarantees includes guarantees given by subsidiary

There is no significant changes in commitments of the group during the period.

21. Comparative figures

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

During the period, AAH increased its stake in Falcon Insurance Co. SAOC (FIC) up to 51% as on 1st June, 2010. Consequently, the results of FIC as on 31st May, 2010 are consolidated and therefore the previous year numbers are not comparable with the current period to such an extent.

22. Parent Company

The statement of Income for the quarter ended as on 30th September, 2010 and the Statement of Financial Position as on 30th September, 2010 are presented in the annexure.

AL ANWAR HOLDINGS SAOG

**Stand alone unaudited condensed interim statement of comprehensive income
of Parent Company For the period ended 31 December, 2010**

	9 months ended 31-Dec 2010 RO	9 months ended 31-Dec 2009 RO	(RO '000)
Investment income	(1,041)	2,558	
Other Income	29	45	
Total Income	(1,012)	2,603	
General and administration expenses	(269)	(303)	
Finance costs	(274)	(269)	
Total Expenses	(543)	(572)	
Profit for the period before tax	(1,555)	2,031	
Income tax expense	-	-	
Profit after tax for the period	(1,555)	2,031	
Other comprehensive income	-	-	
Total comprehensive income	(1,555)	2,031	
Profit attributable to			
Equity holders of Parent Company	(1,555)	2,031	
Minority interest	-	-	
Profit after tax for the period	(1,555)	2,031	
Total comprehensive income attributable to			
Equity holders of Parent Company	(1,555)	2,031	
Minority interest	-	-	
Total comprehensive income	(1,555)	2,031	
Earnings per share RO	(0.013)	0.017	

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**Stand alone unaudited condensed statement of financial position
of the Parent Company as on 31 December 2010**

	Unaudited	(RO '000)	
		<u>Audited</u>	
	31-Dec 2010 RO	31-Dec 2009 RO	31-Mar 2010 RO
ASSETS			
Cash and cash equivalents	8	1,766	1,804
Trade & other receivables	204	183	995
Investments at fair value through statement of comprehensive income	2,222	4,068	4,271
Investment in associates	8,644	10,635	10,572
Investment in subsidiary	5,258	2,041	2,041
Property, plant and equipment	3	13	11
Investment property	3,148	3,148	3,148
Total assets	19,487	21,854	22,842
EQUITY			
Capital and reserves			
Share capital	12,000	11,000	11,000
Legal reserve	1,436	1,201	1,434
Retained earnings	(184)	2,953	3,017
Equity attributable to the shareholders of Parent Company	13,252	15,154	15,451
LIABILITIES			
Other liabilities and accruals	1,318	1,337	1,483
Bank borrowing	273	418	545
Current portion of term loans	233	800	1,101
Long term loans	4,407	4,134	4,250
Provision for gratuity	4	11	12
Total liabilities	6,235	6,700	7,391
Total equity and liabilities	19,487	21,854	22,842
Net Assets per share	0.110	0.126	0.129