

Independent auditor's report to the shareholders of Al Anwar Holdings SAOG

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Al Anwar Holdings SAOG (the "Parent Company") and the consolidated financial statements of the Parent Company and its subsidiaries (together, the "Group") present fairly, in all material respects, the respective financial position of the Parent Company and the Group as at 31 March 2017, and their respective financial performance and their respective cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The financial statements of the Parent Company and the consolidated financial statements of the Group (together "these financial statements") comprise the respective:

- statements of comprehensive income for the year ended 31 March 2017;
- statements of financial position as at 31 March 2017;
- statements of changes in equity for the year then ended;
- statements of cash flows for the year then ended; and
- the notes to these financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of these financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of these financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters

- Disposal of investment in Falcon Insurance Company SAOC
- Recovery of investment in Addax Bank B.S.C. (c)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in these financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on these financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which the Group and the Parent Company operates.

Independent auditor's report to the shareholders of Al Anwar Holdings SAOG (continued)

Our audit approach (continued)

Overview (continued)

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Disposal of investment in Falcon Insurance Company SAOC</p> <p>The Parent Company had an investment in Falcon Insurance Company SAOC (FIC) amounting to RO 3,834k at 31 March 2016 representing 51% holding in FIC. The Parent Company had control over FIC and accordingly it was considered a subsidiary and the results of FIC were consolidated in accordance with the requirements of IFRS 10 - Consolidated financial statements.</p> <p>During the year, the Parent Company partially sold its shareholding in FIC and consequently lost control over it. However, the Parent Company retained significant influence over FIC through its 19% ownership and representation in the Board of directors including the vice chairman of FIC being the Parent Company's representative.</p> <p>We focused on this area because the accounting of the disposal of the subsidiary in the separate and consolidated financial statements and subsequent recognition of investment in associate involved significant complexity and management estimation and judgments. The key estimates and judgments were related to the evaluation of the appropriateness of the assumptions underlying the determination of the fair valuation of assets and liabilities (both tangible and intangible) and the resultant amount of goodwill. In addition, another key judgment was related to the fair valuation of the remaining shareholding of the Parent Company in FIC in its separate financial statements where latest available trade price is assumed to be the fair value at 31 March 2017. The Parent Company engaged an independent consultant to assist them in performing an initial purchase price allocation which will be finalised in the next accounting period.</p> <p>Refer notes 12 and 13 of the financial statements for the related disclosures.</p>	<p>We obtained all the relevant agreements relating to the partial disposal of the shareholding in FIC and assessed that all the conditions for completion of disposal transactions were met and the sale proceeds were received by the Parent Company.</p> <p>We engaged our internal valuation specialists to assist us in evaluating the judgments and estimates underlying the determination of the fair valuation of assets and liabilities (both tangible and intangible) of FIC and the resultant goodwill.</p> <p>We recomputed the amount of gain on sale of FIC recognised in the separate and consolidated financial statements.</p> <p>We recomputed the fair value of the remaining shareholding in FIC in the separate and consolidated financial statements.</p> <p>We evaluated the adequacy of the disclosures relating to the transaction in the financial statements.</p>

Independent auditor's report to the shareholders of Al Anwar Holdings SAOG (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recovery of investment in Addax Bank B.S.C. (c) <p>The Parent Company had an investment in Addax Bank B.S.C. (c) (the Bank) for which the carrying value was RO 256k at 31 March 2016 and was classified as financial assets at fair value through profit or loss.</p> <p>The Parent Company had filed a commercial recovery case against the Bank which was decided in its favour by GCC Arbitration Centre and the payment started to flow during the current year. The total recovery judgment (net of related costs) amounted to RO 1,840k against the carrying amount of investment of RO 256k. The Parent Company has received RO 1,169k during the current year. In addition, RO 120k has been received subsequent to the year end.</p> <p>We focused on this area because it involved management judgment regarding the recoverability of the remaining amount and its recognition as a receivable in these financial statements.</p> <p>Refer to note 5 of the financial statements for the related disclosures.</p>	<p>We traced the amounts received during the year against the Parent Company's bank statements. We also traced the amounts received, subsequent to the year end, against the Parent Company's bank statements to substantiate the management's assessment of the amount receivable.</p> <p>We assessed the recoverability of the remaining amount by analysing the financial position of the Bank.</p> <p>We evaluated the adequacy of the disclosures in the financial statements related to this matter.</p>

Other information

The directors are responsible for the other information. The other information, which we obtained prior to the date of our auditor's report comprises of the Directors' report, the Corporate Governance Report and Management Discussion and Analysis, but does not include these financial statements and our auditor's report thereon. The complete annual report which is not yet received is expected to be made available to us after that date.

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

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

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

When we read the complete annual report which is not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent auditor's report to the shareholders of Al Anwar Holdings SAOG (continued)

Responsibilities of management and those charged with governance for these financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the relevant requirements of the Capital Market Authority ("the CMA") of the Sultanate of Oman and the Commercial Companies Law of 1974, as amended, and for such internal control as the directors determine is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the Parent Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Parent Company and the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of these financial statements

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

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

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

**Independent auditor's report to the shareholders of Al Anwar Holdings SAOG
(continued)**

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

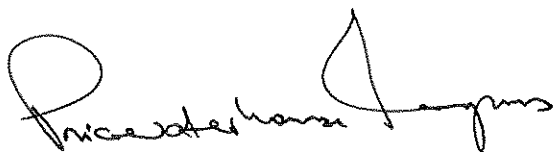
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

Further, we report that these financial statements have been prepared and comply, in all material respects, with the relevant requirements of the CMA of the Sultanate of Oman and the Commercial Companies Law of 1974, as amended.



Kashif Kalam

4 June 2017
Muscat, Sultanate of Oman