

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED AT 30 JUNE**

Name of associates	Principal activity	% Holdings	Carrying value 2018 OMR'000	Market value 2018 OMR'000
Voltamp Energy SAOG and its subsidiaries	Manufacture of electrical equipment	24.68	5,065	5,825
Al Maha Ceramics Company SAOG	Manufacture of ceramic tiles	23.74	2,627	2,912
Arabia Falcon Insurance Company SAOG	Insurance	22.62	4,250	4,440
The National Detergent Company SAOG	Manufacture of detergents	21.74	4,243	2,485
National Biscuit Industries SAOG	Manufacture of biscuit	29.22	1,717	1,095
Total Quoted			17,902	16,757
Alruwad International Education Services SAOC	Education	43.51	4,516	-
Hormuz Al Anwar Cement SAOC	Manufacture of cement	40.00	40	-
Total Unquoted			4,556	-
Total			22,458	16,757

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

	2019 OMR'000	2018 OMR'000
At 1 April	30,858	21,809
Additions	-	982
Disposal of investment/ transfer for fair value	-	(280)
Dividend received during the year	-	(292)
Share of profit during the year	366	262
Share of other comprehensive loss	(21)	(23)
At 30 June	31,203	22,458

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3. Investment in associate (continued)

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

2019	Total assets	Total liabilities	Total revenues	Net profit	Share of profit
	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000
Voltamp Energy SAOG	46,414	25,046	10,052	130	32
Al Maha Ceramics SAOG	12,470	3,560	2,059	321	76
Arabia Falcon Insurance SAOG	72,235	54,683	5,529	112	25
Al Ruwad International Education Services SAOC	9,449	4,771	949	119	52
The National Detergent Co. SAOG	26,701	13,149	6,418	331	84
National Biscuit Industries SAOG	10,183	4,155	4,032	331	97
Oman Chlorine SAOG *	91,255	59,067	3,359	194	-
Hormuz Al Anwar Cement	100	-	-	-	-
				Total	366

2018	Total assets	Total liabilities	Total revenues	Net profit	Share of profit
	OMR'000	OMR'000	OMR'000	OMR'000	OMR'000
Voltamp Energy SAOG	41,756	19,917	9,532	(152)	(38)
Al Maha Ceramics SAOG	14,172	5,517	1,983	303	72
Arabia Falcon Insurance SAOG	62,158	43,575	5,905	61	11
Al Ruwad International Education Services SAOC	8,824	4,517	853	87	38
The National Detergent Co. SAOG	26,112	12,545	6,279	465	101
National Biscuit Industries SAOG (note 3d)	9,058	3,640	3,646	264	77
Hormuz Al Anwar Cement	100	-	-	-	-
				Total	262

At 30 June 2019, the proportional net assets for all associates amounted to approximately OMR 24 Million.

The group acquired significant influence on Oman Chlorine SAOG (OC) in the AGM of OC held at 31 March, 2019, hence, the investment is classified as Associate since 31 March, 2019. Accordingly, the share of profit for OC will be recorded from 1 April, 2019 in the corresponding period from 1 July, 2019 in the group consolidated financials, in accordance with IFRS.

(d) Reclassification of National Biscuit Industries SAOG

The Group had classified National Biscuit Industries SAOG as investment held for sale as at 31 March 2018 based on an offer received from external party. During the last year, the Group has reclassified the investment in National Biscuit Industries SAOG from held for sale investment to investment in associate as the transaction could not be executed.

In line with International financial reporting standards (IFRS), The Group is required to account for the investment retrospectively from the date of acquisition. Based on this, the Group has restated the prior year consolidated financial statements using retrospective equity accounting.

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	2019	2018
	OMR'000	OMR'000
Ominvest SAOG Bonds - 7.75%	13,000	13,000
Dhofar International Development and Investment Holding SAOG	6,186	4,062
Almondz Global Securities Ltd. (India)	275	535
Sun Packaging Co. LLC	376	376
Others Investment at Fair Value	54	190
Held for trading investments	141	6
Oman Chlorine SAOG	-	6,282
Ominvest SAOG	-	2,621
	20,032	27,072

Ominvest perpetual bonds carry interest at the rate of 7.75% per annum for the first five years from June 2018. After that date the interest rate will be reset on agreed formula. The bonds and investments in the amount of OMR 19 million are pledged as securities against borrowings.

At 30 June 2019, quoted investments measured at FVTPL amounted to OMR 17,785 thousands (30 June 2018 – FVTPL amounting to OMR 26,650 thousands)

At 30 June 2019, FVOCI amounted to OMR 1,822 thousands (30 June 2018 (restated) – Nil).

At 30 June 2019, unquoted investments measured at FVTPL amounted to OMR 424 thousands (30 June 2018: OMR 421 thousands)

Movement in investments at fair value is as follows:

	2019	2018
	OMR'000	OMR'000
At 1 April	20,225	14,508
Purchases during the period	23	13,023
Sale of Investment during the period	-	(570)
Unrealised gain – net	(217)	111
At 30 June	20,032	27,072

Investments at fair value are analysed as follows:

	2019	2018
	OMR'000	OMR'000
Banking and investment sector	19,650	20,408
Industrial sector	382	6,664
	20,032	27,072

Included in the above investment, OMR 274,748 (2018 : 535,216) is quoted investment in India and OMR 48,284 (2018 : 44,998) unquoted investment in Kuwait.

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	Freehold Land OMR'000	Furniture and fixtures OMR'000	Vehicle Motor OMR'000	Capital work in progress OMR'000	Total OMR'000
Cost:					
At 1 April 2019	1,948	55	30	130	2,163
Additions during the period	-	-	-	31	31
Disposal during the period	-	(1)	-	-	(1)
At 30 June 2019	1,948	54	30	161	2,193
Accumulated depreciation:					
At 1 April 2019	-	48	30	-	78
Charge for the period	-	1	-	-	1
Disposal during the period	-	(1)	-	-	(1)
At 30 June 2019	-	48	30	-	78
Net book value:					
At 30 June 2019	1,948	6	-	161	2,115

	Freehold Land OMR'000	Furniture and fixtures OMR'000	Motor vehicles OMR'000	Capital work in progress OMR'000	Total OMR'000
Cost:					
At 1 April 2018	1,948	56	30	75	2,109
Additions during the period	-	-	-	38	38
Disposal during the period	-	-	-	-	-
At 30 June 2018	1,948	56	30	113	2,147
Accumulated depreciation:					
At 1 April 2018	-	46	30	-	76
Charge for the period	-	1	-	-	1
Disposal during the period	-	-	-	-	-
At 30 June 2018	-	47	30	-	77
Net book value:					
At 30 June 2018	1,948	9	-	113	2,070

6 Receivables

	2019 OMR'000	2018 OMR'000
Prepayments	20	21
Due from related parties	132	168
	152	189

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The authorised share capital of the Parent Company comprises 300,000,000 (2018 - 200,000,000) shares of 100 baisas (2018 - 100 baisas) each. The issued and fully paid up share capital consists of 200,000,000 shares (2018 - 200,000,000 shares) of 100 baisas (2018 - 100 baisas) each.

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

	Number of shares held	2019 (%)	Number of shares held	2018 (%)
Fincorp Investment Company LLC	47,396,140	24	47,589,649	24
Bank Muscat / OGF / Vision	14,704,671	7	15,755,987	8
Brig (Rtd). Masoud Humaid Malik Al Harthy	11,362,038	6	-	-
Mohamed and Ahmed Al Khonji Company LLC	10,067,686	5	10,067,686	5
Al Khonji Invest LLC	9,996,569	5	9,996,569	5

8 Legal reserve

The statutory reserve which is not available for distribution is calculated in accordance with article 106 of the Commercial Companies Law of 1974 of the Sultanate of Oman, as amended. The annual appropriation shall be 10% of the profit for the year after tax, until such time the legal reserve amounts to at least one third of the respective issued and paid up share capital of the Parent Company and its subsidiaries.

9 Fair value reserve

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

10 Bank borrowings

	2019 OMR'000	2018 OMR'000
Total borrowings	21,030	18,203
Current portion of borrowing	(7,705)	(13,048)
Non-Current portion of borrowing	13,325	5,155

The Parent company has borrowings from four Omani Commercial Banks. The borrowings are term loans and overdraft. The borrowings carry annual interest rates ranging from 3.5% to 5.75% per annum (2018 – 3% to 6%). These borrowing are secured through pledge over investment of the Parent Company in the aggregate amount of OMR 39 Million. The Parent Company has overdraft facilities of OMR 950,000 (2018 - OMR 950,000).

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	2019	2018
	OMR'000	OMR'000
Accrued expenses	49	80
Employees' end of service benefits	60	52
Dividend payable	-	2,500
	109	2,632

12 Net assets per share

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

	2019	2018
	OMR'000	OMR'000
Net assets attributable to the shareholders of the Parent Company (RO'000)	32,831	34,199
Number of shares outstanding at 30 June ('000)	200,000	200,000
Net assets per share (in Baisas)	0.164	0.171

The weighted average number of shares outstanding before the event is adjusted for the change in the number of shares due to bonus issue as if the event had occurred at the beginning of the earliest year presented.

13 Earnings per share

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

	2019	2018
	OMR'000	OMR'000
Profit for the year attributable to equity shareholders of Parent Company	267	212
Weighted average number of shares outstanding ('000)	200,000	200,000
Basic earnings per share (in Baisas)	1	1

The weighted average number of shares outstanding before the event is adjusted for the change in the number of shares due to bonus issue as if the event had occurred at the beginning of the earliest year presented.

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	2019	2018
	OMR'000	OMR'000
Unrealised (loss) gains on financial assets	(198)	111
Recovery on of investment in Addax Bank B.S.C.	-	26
Realised gain on sale of investments - net	-	1
Interest income from bonds	502	176
Loss on sale Arabia Falcon Insurance shares	-	(40)
	304	274

Interest on bonds is recognized on receipt in accordance with the terms of the perpetual bonds.

15 Other income

	2019	2018
	OMR'000	OMR'000
Directors sitting fees	8	1
Others	-	-
	8	1

16 Administrative expenses

	Group	Group
	2019	2018
	OMR'000	OMR'000
Employment cost	85	90
Office rent and utilities	4	4
Consultancy fees	-	2
Depreciation (note 5)	1	1
Legal fees	4	10
Audit fees	3	3
Business promotion	4	2
Fees and subscription	6	6
Meeting & Seminar	5	1
Insurance	1	1
Communications	1	1
Miscellaneous	8	9
	122	130

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16 Administrative expenses (continued)

The analysis of employment cost is as follows:

	2019 OMR'000	2018 OMR'000
Salaries	65	40
Other benefits	16	44
Social security costs	1	1
Employees' end of service benefit	2	5
	<u>85</u>	<u>90</u>

17 Financing charges

	2019 OMR'000	2018 OMR'000
Interest expense	253	180
Bank charges	11	1
	<u>264</u>	<u>181</u>

18 Related party transactions and balances

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

	2019 OMR'000	2018 OMR'000
Transactions during the period		
Directors sitting fees paid	21	14
Directors sitting fees received	8	1

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

	2019 OMR'000	2018 OMR'000
Hormuz Al Anwar Cement SAOC	119	159
Al Maha Ceramic Co SAOG	13	9
	<u>132</u>	<u>168</u>

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

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

(i) Impairment of financial assets

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

(ii) Classification of financial assets

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

(iii) Fair value estimation

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

(iv) Business combinations

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

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20 Summary of key accounting policies

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

20.1 Basis of preparation

(a) These Parent Company and consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the relevant requirements of Commercial Companies Law of 1974 of the Sultanate of Oman, as amended and the Capital Market Authority.

(b) These consolidated financial statements for the year ended 30 June 2019 comprise the Parent Company and its subsidiaries (together “the Group”) and the Group’s interest in associates. These consolidated financial statements are collectively referred to as ‘the financial statements’.

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

(d) The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 25.

(e) Functional and presentation currency

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

(f) Transactions and balances

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

20.2 Basis of consolidation

(a) Subsidiaries

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

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

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

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

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

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

(b) Associates

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

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

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

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

The consolidated financial statements comprise those of the Parent Company drawn up to 30 June and its subsidiaries and associates drawn up to 31 December of preceding year using consistent accounting policies. Adjustments are made for the effects of significant transactions or other events, if any that occur in the associates and the subsidiaries during the intervening period.

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20.3 Offsetting

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

20.4 Property and other assets

Property and other assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment is their purchase price together with expenditures those are directly

attributable to acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which these are incurred.

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

	Years
Furniture and fixtures	4
Motor vehicles	4

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

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

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

20.5 Cash and cash equivalents

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

20.6 End of service benefits

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

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

20.7 Payables

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

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20.8 Provisions

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

20.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date. Borrowings are subsequently carried at amortised cost; any

difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using effective interest rate.

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

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

20.10 Share capital

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

20.11 Revenue

Share of profit / (loss) from associates are recognised on the basis of their declared results.

Interest income is recognised on a time proportion basis using the effective interest rate method.

Interest on perpetual bonds is recognised on receipt.

Dividend income from financial assets at fair value through profit or loss and available for sale investments is recognised in the consolidated statement of comprehensive income when the company's right to receive payment is established.

Unrealised gain / (loss) in the value of financial assets at fair value represents the difference between the present market value and the carrying amount of the assets determined on individual scrip basis using weighted average cost of securities and is taken to the consolidated statement of comprehensive income.

Realised gains / (losses) on financial assets at fair value are recognised and taken to the consolidated statement of comprehensive income in the year of disposal of related securities.

20.12 Income tax

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

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

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

AL ANWAR HOLDINGS SAOG AND ITS SUBSIDIARIES**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED AT 30 JUNE****20.12 Income tax (continued)**

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the

same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

20.13 Directors' remuneration

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

20.14 Earnings per share

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

20.15 Dividend distribution

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

20.16 Operating segment

The Group does not have any operating segment.

20.17 Fair values

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

- Level 1: Quoted market price (unadjusted) in an active market.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in the active market for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments that are valued based on quoted prices of similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

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

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

21. Corresponding figures

During the prior year, certain investment was reclassified from held for sale to Associate, accordingly the previously reported figures have been restated with retrospective effect to reflect the change in classification.