

Al Anwar Investments SAOG and Its Subsidiaries

Unaudited Consolidated Financial Statements for the Three-month period ended 30 June 2022

Registered office and principal place of business

P. O. Box 468, Postal Code 131
Al Qurm, Muscat
Sultanate of Oman

Al Anwar Investments SAOG & Its Subsidiaries
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 30 JUNE

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Al Anwar Investments SAOG & Its Subsidiaries**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		30 June 2022 OMR'000	Restated 30 June 2021 OMR'000	<u>Audited</u> 31 March 2022 OMR'000
Assets	<i>Notes</i>			
Investment in associates	3	31,771	31,380	31,460
Investments at fair value	4	11,116	15,438	11,073
Property and other assets	5	2,277	2,256	2,270
Receivables	6	143	141	1,158
Cash and bank balances		238	48	88
TOTAL ASSETS		45,545	49,263	46,049
Equity				
Share capital	7	20,000	20,000	20,000
Legal reserve	8	4,568	4,568	4,568
Fair value reserve	9	(834)	(153)	(463)
Retained earnings		4,588	7,172	6,032
Equity attributable to shareholders of Parent Company		28,322	31,587	30,137
Liabilities:				
Bank borrowings	10	16,763	17,472	15,513
Payables	11	460	204	399
TOTAL LIABILITIES		17,223	17,676	15,912
TOTAL EQUITY AND LIABILITIES		45,545	49,263	46,049
Net assets per share attributable to shareholders of the Parent Company (in Baisas)	12	142	158	151

The financial statements were authorised for issue by the Board of Directors on 7 August 2022 and signed by:

CHAIRMAN	DIRECTOR	CHIEF EXECUTIVE OFFICER
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The attached notes 1 to 21 form part of these consolidated financial statements.

Al Anwar Investments SAOG & Its Subsidiaries**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED**

		30 June 2022 OMR'000	Restated 30 June 2021 OMR'000
	Notes		
Share of results of associates	3 (c)	298	369
Interest income	14 (a)	148	296
Realised (loss) profit on sale of investment	14 (b)	(2)	(1)
Net Increase (decrease) in value of investment	14 (c)	(730)	12
Other income	15	7	9
Net income		(279)	685
Administrative expenses	16	(86)	(65)
Financing charges	17	(242)	(288)
Corporate social responsibility		(8)	-
Director fees	18	(29)	(34)
Total expenses		(365)	(387)
Profit (loss) for the period before tax		(644)	298
Income tax expense		-	-
Profit /(loss) after tax for the period		(644)	298
Other comprehensive income (expense):			
Share of other comprehensive profit (loss) of associates		13	39
Net Increase (decrease) in value of investment		(384)	283
Other comprehensive loss for the period		(371)	322
Total comprehensive Income (loss) for the period attributable to Equity holders of Parent Company		(1,015)	620
Earnings profit (loss) per share attributable to shareholders of Parent Company (in Baisas)	13	(3)	1

The attached notes 1 to 21 form part of these consolidated financial statements.

Al Anwar Investments SAOG & Its Subsidiaries**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED****OMR'000***Equity attributable to the shareholders of the Company*

	Share capital	Legal reserve	Fair value reserve	Retained earnings	Total
At 1 April 2022	20,000	4,568	(463)	6,032	30,137
Net (loss) for the period	-	-	-	(644)	(644)
Share of other comprehensive loss of associates	-	-	13	-	13
Net change in fair value of investment	-	-	(384)	-	(384)
Transfer to legal reserve	-	-	-	-	-
Dividend paid	-	-	-	(800)	(800)
At 30 June 2022	20,000	4,568	(834)	4,588	28,322
At 1 April 2021	20,000	4,568	(476)	6,874	30,966
Net profit for the period (Restated)	-	-	-	298	298
Share of other comprehensive loss of associates	-	-	39	-	39
Net change in fair value of investment	-	-	284	-	284
Transfer to legal reserve	-	-	-	-	-
Dividend paid	-	-	-	-	-
At 30 June 2021	20,000	4,568	(153)	7,172	31,587

The attached notes 1 to 21 form part of these consolidated financial statements.

Al Anwar Investments SAOG & Its Subsidiaries**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTH PERIOD ENDED 30 JUNE**

	30 June 2022 OMR'000	30 June 2021 OMR'000
Cash flows from operating activities		
Dividend income and cash receipts	1,166	1,356
Cash paid for administrative and other expenses	(58)	(180)
Net cash generated from operating activities	1,108	1,176
Cash flows from investing activities		
Capital work in progress	(8)	(3)
Proceeds from disposal of investments	948	353
Proceed from disposal of assets	-	-
Purchase of investments	(2,106)	-
Net cash (used by) generated from investing activities	(1,166)	350
Cash flows from financing activities		
Dividend to shareholders	(800)	-
Financing charges	(242)	(288)
Bank Overdraft	-	272
Borrowings	4,550	3,100
Repayment of borrowings	(3,300)	(4,625)
Net cash generated used in financing activities	208	(1,541)
Net change in cash and cash equivalents during the period	150	(15)
Cash and cash equivalents at beginning of the period	88	63
Cash and cash equivalents at end of the period	238	48

The attached notes 1 to 21 form part of these consolidated financial statements.

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTH PERIOD ENDED 30 JUNE

1 General information

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

The Parent company changed its name on 3 January 2021 and it is no longer a holding company.

2 Investments in subsidiaries

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

	Principal activity	Holdings %	Parent Company	
			Cost value 2022 OMR'000	Cost value 2021 OMR'000
Al Anwar Taleem LLC	Education	100	500	500
Al Anwar International Investment LLC	Investment	100	150	150
Al Anwar Hospitality SAOC	Hospitality	100	500	500
Al Anwar Industrial Investments SAOC	Investment	100	500	500
			1,650	1,650

3 Investment in associates

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

Name of associates	Principal activity	Group Holdings %	Carrying value 2022 OMR'000	Market value 2022 OMR'000
Voltamp Energy SAOG and its subsidiaries	Manufacture of electrical equipment	24.68	4,304	2,109
Al Maha Ceramics Company SAOG	Manufacture of ceramic tiles	23.74	3,078	6,711
Arabia Falcon Insurance Company SAOG	Insurance	22.62	4,694	2,944
The National Detergent Company SAOG	Manufacture of detergents	25.24	5,397	2,715
National Biscuit Industries SAOG	Manufacture of biscuit	29.22	2,368	1,166
Oman Chlorine SAOG and its subsidiaries	Manufacture of chemicals	22.15	7,458	4,798
Total Quoted			27,299	20,443
Alruwad International Education Services SAOC	Education	43.51	4,432	-
Hormuz Al Anwar Cement SAOC	Manufacture of cement	40.00	40	-
Total Unquoted			4,472	-
Total			31,771	-

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED 30 JUNE

3. Investment in associate (continued)

Name of associates	Principal activity	Group Holdings %	Carrying value 2021 OMR'000	Market value 2021 OMR'000
Voltamp Energy SAOG and its subsidiaries	Manufacture of electrical equipment	24.68	4,717	2,953
Al Maha Ceramics Company SAOG	Manufacture of ceramic tiles	23.74	2,862	4,805
Arabia Falcon Insurance Company SAOG	Insurance	22.62	4,651	2,330
The National Detergent Company SAOG	Manufacture of detergents	25.24	4,720	2,675
National Biscuit Industries SAOG	Manufacture of biscuit	29.22	2,346	1,145
Oman Chlorine SAOG and its subsidiaries	Manufacture of Chemicals	22.15	7,553	3,109
Total Quoted			26,849	17,017
Alruwad International Education Services SAOC	Education	43.51	4,491	-
Hormuz Al Anwar Cement SAOC	Manufacture of cement	40.00	40	-
Total Unquoted			4,531	-
Total			31,380	-

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

	2022 OMR'000	2021 OMR'000
At 1 April	31,460	30,972
Share of profit during the period	298	369
Share of other comprehensive loss	13	39
Dividend received during the period	-	-
At 30 June	31,771	31,380

Al Anwar Investments SAOG & Its Subsidiaries
**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED 30 JUNE**
3. Investment in associate (continued)

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

2022	Total assets	Total liabilities	Total revenues	Net profit (loss)	Share of profit	Share in OCI
Voltamp Energy SAOG	40,333	21,926	6,341	(684)	(169)	4
Al Maha Ceramics SAOG	13,058	2,507	2,555	714	170	-
Arabia Falcon Insurance SAOG	73,994	54,705	4,972	164	37	(2)
Oman Chlorine SAOG	95,180	68,792	6,997	936	207	11
The National Detergent SAOG	30,737	14,231	5,493	9	2	-
National Biscuit Industries SAOG	13,806	6,180	3,385	195	57	-
Alruwad International Education Services SAOC	8,173	4,088	639	(14)	(6)	-
Hormuz Al Anwar Cement SAOC	397	297	-	-	-	-
				Total	298	13
2021	Total assets	Total liabilities	Total revenues	Net profit (loss)	Share of profit	Share in OCI
Voltamp Energy SAOG	38,824	18,626	6,241	(5)	(1)	8
Al Maha Ceramics SAOG	12,357	2,718	2,384	604	143	-
Arabia Falcon Insurance SAOG	74,514	55,415	4,482	543	123	27
Oman Chlorine SAOG	93,578	66,212	3,981	(152)	(34)	4
The National Detergent SAOG	27,010	13,184	4,858	246	62	-
National Biscuit Industries SAOG	13,623	6,073	3,410	362	106	-
Alruwad International Education Services SAOC	8,561	4,340	560	(70)	(30)	-
Hormuz Al Anwar Cement SAOC	397	297	-	-	-	-
				Total	369	39

At 30 June 2022, the proportional net assets for all associates amounted to approximately OMR 25 Million.

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED 30 JUNE****4 Investments at fair value**

	2022	2021
	OMR'000	OMR'000
Ominvest Perpetual Bonds - 7.75%	2,850	6,646
Dhofar International Development and Investment Holding Co. SAOG (i)	3,583	6,586
Bank Dhofar SAOG	3,202	1,130
Almondz Global Securities Ltd. (India) – (ii)	1,324	883
Others Investment at Fair Value	77	78
Held for trading investments	80	115
	11,116	15,438

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 are pledged as securities against borrowings.

i) Dhofar International Development & Investment Holding Co. SAOG (DIDIC)

Investment in DIDIC was classified partly as investment at fair value through profit or loss and partly as investment at fair value through other comprehensive income. The portion of DIDIC which was classified as FVTPL was reclassified as FVOCI as correction of error in interim financial statements during first quarter of 2021 based on the strategic nature of investment. However, the reclassification from FVTPL to FVOCI cannot be considered as prior year error under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Hence, Board resolved on 13th January 2022 to reverse the classification. Accordingly, financial statement of last year were restated.

ii) Almondz Global Securities Ltd (AGSL)

Al Anwar holds 11.94% (3,091,500 shares) in AGSL and reclassified investment in AGSL as Associate from FVTPL during first quarter of 2021, based on the appointment of Al Anwar representative in the three sub-committees on 24th June 2021. However, the Company is not able to exercise significant influence solely by appointment of its directors in sub-committees. Hence, Board has resolved on 13th January 2022 to revise the classification of investment to FVTPL. Accordingly, financial statement of last year were restated.

(d) The above Investments classified between “fair value through profit and loss (FVTPL)” and “fair value through other compensative income (FVOCI)” are as follows:

	2022	2021
	OMR'000	OMR'000
Quoted at FVTPL	6,177	11,173
Unquoted at FVTPL	71	72
Quoted at FVOCI	4,868	4,193
	11,116	15,438

Movement in investments at fair value is as follows:

	2022	2021
	OMR'000	OMR'000
At 1 April	11,073	15,353
Purchases/transfer during the period	2,106	143
Sale of Investment during the period	(948)	(353)
Realised loss on sale of Ominvest Bonds	(2)	(1)
Unrealised loss taken to income statements	(729)	12
Unrealised profit /(loss) taken to other comprehensive income	(384)	284
At 30 June	11,116	15,438

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED 30 JUNE****5 Property and other assets**

	Freehold Land OMR'000	Furniture and fixtures OMR'000	Capital work in progress OMR'000	Total OMR'000
Cost:				
At 1 April 2022	1,948	47	319	2,314
Additions during the period	-	-	8	8
Disposal during the period	-	(1)	-	(1)
At 30 June 2022	1,948	46	327	2,321
Accumulated depreciation:				
At 1 April 2022	-	44	-	44
Charge for the period	-	1	-	1
Disposal during the period	-	(1)	-	(1)
At 30 June 2022	-	44	-	44
Net book value:	-			
At 30 June 2022	-	3	327	2,277

	Freehold Land OMR'000	Furniture and fixtures OMR'000	Capital work in progress OMR'000	Total OMR'000
Cost:				
At 1 April 2021	1,948	48	302	2,298
Additions during the period	-	-	3	3
Disposal during the period	-	(1)	-	(1)
At 30 June 2021	1,948	47	305	2,300
Accumulated depreciation:				
At 1 April 2021	-	44	-	44
Charge for the period	-	1	-	1
Disposal during the period	-	(1)	-	(1)
At 30 June 2021	-	44	-	44
Net book value:				
At 30 June 2021	1,948	3	305	2,256

6 Receivables

	2022 OMR'000	2021 OMR'000
Prepayments and advances	25	24
Due from related parties (Note 18)	118	117
	143	141

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTH PERIOD ENDED 30 JUNE

7 Share capital

The authorised share capital of the Parent Company comprises 300,000,000 (2021 - 300,000,000) shares of 100 baisas (2021 - 100 baisas) each. The issued and fully paid up share capital consists of 200,000,000 shares (2021 - 200,000,000 shares) of 100 baisas (2021 - 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	2022 (%)	Number of shares held	2021 (%)
Fincorp Investment Company LLC	47,356,209	23.68	47,656,209	23.68
Brig (Rtd). Masoud Humaid Malik Al Harthy	16,000,000	8.00	16,000,000	8.00
Al Khonji Development & Investment LLC	10,837,548	5.42	10,067,686	5.42
Al Khonji Invest LLC	9,996,837	5.00	9,996,569	5.00
National Equity Fund	-	-	10,495,952	5.25

8 Legal reserve

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

9 Fair value reserve

The Group has recognised its share of fair value reserve of other comprehensive income in associates. It also includes movement in fair value of investments held at Fair Value through Other Comprehensive Income in the group.

10 Bank borrowings

	2022 OMR'000	2021 OMR'000
Total borrowings	16,763	17,472
Current portion of borrowings	(7,250)	(9,084)
Non-Current portion of borrowings	9,513	8,388

The Parent company has borrowings from four Omani Commercial Banks and one Omani Sharia compliant bank. The borrowings are in the nature of long term and short-term loans. The commercial borrowings carry annual interest rates ranging from 5.25% to 6.5% per annum (2021 – 5.5% to 6.5%). The profit rate is 6.5% for the Sharia Compliant borrowings.

These borrowing are secured through pledge over investment of the Parent Company and Subsidiaries in the aggregate amount of OMR 30.0 Million. The Parent Company has overdraft facilities of OMR 800,000 (2021 - OMR 1,000,000).

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED 30 JUNE****11 Payables**

	2022 OMR'000	2021 OMR'000
Accrued expenses	134	82
Contingency provision	300	100
Employees' end of service benefits	26	23
	<u>460</u>	<u>205</u>
	2022 OMR'000	2021 OMR'000
Employees' end of service benefits		
At 1 April	25	28
Charge for the year (note 16)	1	1
Paid employees' end of services benefits	-	(6)
At 31 June	<u>26</u>	<u>23</u>

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:

	2022 OMR'000	2021 OMR'000
Net assets attributable to the shareholders of the Parent Company (RO'000)	<u>28,322</u>	<u>31,586</u>
Number of shares outstanding at 30 June ('000)	<u>200,000</u>	<u>200,000</u>
Net assets per share (in Baisas)	<u>0.142</u>	<u>0.158</u>

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 period 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 period, as follows:

	2022 OMR'000	2021 OMR'000
(Loss) / Profit for the period attributable to equity shareholders of Parent Company	(644)	298
Weighted average number of shares outstanding ('000)	<u>200,000</u>	<u>200,000</u>
Basic (Loss) earnings per share (in Baisas)	<u>(3)</u>	<u>1</u>

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 period presented.

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED 30 JUNE****14 Investment income**

	2022	2021
	OMR'000	OMR'000
(a) Interest income from bonds	148	296

Interest on Ominvest Perpetual Bonds is recognized at 7.75% per annum on receipt in accordance with the terms of the bonds.

(b) Realised (loss) on sale of Ominvest Bonds	(2)	(1)
(c) Increase (Decrease) in value of investments		
- Dhofar International Development & Investment Holding SAOG	(517)	(412)
- Almondz Global Securities Ltd. (India)	(212)	405
- Oman Arab Bank SAOG	(3)	19
- Omantel	-	-
- Al Ritaj Investment Co. (Kuwait)	2	-
	(730)	12

15 Other income

	2022	2021
	OMR'000	OMR'000
Directors sitting fees	7	9
Profit on sale of fixed assets	-	-
	7	9

16 Administrative expenses

	Group	Group
	2022	2021
	OMR'000	OMR'000
Employment cost	58	41
Office rent and utilities	4	4
Consultancy fees	-	2
Depreciation (note 5)	1	1
Legal fees	1	2
Audit fees	2	2
Fees and subscription	10	9
Meeting & Seminar	5	-
Insurance	1	1
Printing & stationery	1	1
VAT	2	-
Miscellaneous	1	2
	86	65

Al Anwar Investments SAOG & Its Subsidiaries**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED 30 JUNE****16 Administrative expenses (continued)**

The analysis of employment cost is as follows:

	2022 OMR'000	2021 OMR'000
Salaries	46	35
Other benefits	9	4
Social security costs	2	1
Employees' end of service benefit	1	1
	58	41

17 Financing charges

	2022 OMR'000	2021 OMR'000
Interest expense	239	274
Bank charges	3	14
	242	288

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.

	2022 OMR'000	2021 OMR'000
Transactions during the period		
Total employment costs	58	41
Directors sitting fees paid	29	34

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

	2022 OMR'000	2021 OMR'000
Hormuz Al Anwar Cement SAOC	117	117
Al Maha Ceramic Co SAOG	1	-
	118	117

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTH PERIOD ENDED 30 JUNE

19 Critical accounting estimates and judgements

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

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

(i) Impairment of financial assets

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

(ii) Classification of financial assets

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

(iii) Fair value estimation

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

(iv) Business combinations

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

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTH PERIOD ENDED 30 JUNE

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 periods 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 2019 of the Sultanate of Oman, as amended and the Capital Market Authority.

(b) These consolidated financial statements for the period ended 30 June 2022 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 19.

(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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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTH PERIOD ENDED 30 JUNE

20.2 Basis of consolidation (continued)

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 31st March 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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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTH PERIOD ENDED 30 JUNE

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 (EOS) and End of year benefits (EOY)

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". The EOS liability, as reflected in FS, is net of any advance given against EOS.

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.

Al Anwar Investments SAOG & Its Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTH PERIOD ENDED 30 JUNE

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 disclosed 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 period 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 period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE MONTH PERIOD ENDED 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 period. 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.

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**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED 30 JUNE****20.17 Fair values (continued)**

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 period end approximate their carrying amounts as stated in the consolidated statement of financial position.

21. Corresponding figures

The previous year figures are regrouped and reclassified as required to conform with current year presentation.