

## AL ANWAR HOLDINGS SAOG

### Report on Corporate Governance for the year ended March 31<sup>st</sup>, 2012

#### 1. Company philosophy

The philosophy of Al Anwar Holdings SAOG in respect to corporate governance is to observe in letter and spirit the rules and regulations framed by the Capital Markets Authority (CMA) in this regard for companies listed in the Muscat Securities Market for the best management of the company with the aim of improving performance of the company and increasing its efficiency in order to maximize the profits and value of the shareholders in the long run. The corporate governance controls relations and strikes a balance in interests amongst the stakeholders of the company on the basis of co-operation, responsibility and accountability. The company believes that corporate governance generates trust, respect and investment support from stakeholders and shareholders.

We follow the prescriptions of the "International Financial Reporting Standards (IFRS)" in the preparation of accounts and financial statements.

#### 2. Composition of the Board of Directors

All the members of the Board are Non-Executive Directors, since none of them are whole time directors drawing any fixed monthly or annual salary from the Company. The seven Board members are persons of stature with business and investment acumen. They represent skills and experience in corporate management, team leadership, accounting, government and sophistication of investment management.

The Present Board consists of seven Directors as mentioned below:

Name of Director	Independent /Non Independent	Date of Election	Period of Directorship	Position	Mode of Representation
Brig. Masoud Humaid Al Harthy	Independent	28/05/2009	3 Years	Chairman	Himself - Shareholder
Mr. Qais Mohamed Al Yousef	Independent	28/05/2009	3 Years	Deputy Chairman	Fincorp Investments Company LLC
Mr. Mehdi Mohamed Al Abduwani	Independent	28/05/2009	3 Years	Director	National Insurance & Investment Service Centre LLC
Mr. Nawwaf Ghubash Al Merri	Independent	28/05/2009	3 Years	Director	Himself – Shareholder
Mr. Shabir Moosa Al Yousef	Independent	28/05/2009	3 Years	Director	Himself – Shareholder
Mr Abdulredha Mustafa Sultan	Independent	28/05/2009	3 Years	Director	Himself – Shareholder
Mr. Qaboos Abdullah Al Khonji	Independent	23/05/2010	Till AGM of 2012	Director	Al Khonji Invest LLC

The details of the present Directors' directorship in other public companies in Oman are as follows:

Name of Director	Details of Directorship in Other Public (SAOG/SAOC) Companies in Oman
Mr. Masoud Humaid Al Harthy	1. Chairman, Al Maha Ceramics Co. SAOC 2. Chairman, Falcon Insurance Co. SAOC 3. Chairman, ABI Precision Castings SAOC (under liquidation)
Mr. Qais Mohamed Al Yousef	1. Chairman, Voltamp Energy Co. SAOG 2. Director, Muscat Finance Co. SAOG 3. Chairman, Al Anwar Securities SAOC 4. Director, Falcon Insurance Company SAOC
Mr. Mehdi Mohamed Al Abduwani	1. Chairman, Taageer Finance Company SAOG 2. Chairman, Computer Stationery Industry SAOG 3. Chairman, National Ferries Company SAOC 4. Director, Oman Telecommunications Company SAOG
Mr. Nawwaf Ghubash Al Merri	Director, Al Anwar Securities SAOC
Mr. Shabir Moosa Al Yousef	1. Director, Taageer Finance Company SAOG 2. Director, Fincorp SAOG 3. Director, Al Anwar Securities SAOC 4. Director, Al Maha Ceramics SAOC
Mr. Abdulredha Mustafa Sultan	1. Director, Voltamp Energy Co. SAOG 2. Director, Al Jazeera Services Co. SAOG 3. Director, Al Maha Ceramics Co. SAOC
Mr. Qaboos Abdullah Al Khonji	1. Director, Oman Investment & Finance Co. SAOG 2. Director, Taageer Finance Company SAOG 3. Director, Al Maha Ceramics SAOC 4. Director, Oman Medical Projects SAOC

### 3. Meetings of the Board

(a) The Board met four times during the year. Full particulars of the dates of the meetings and attendance of directors are mentioned below:

Sr.#	Name of the Director		AGM	Board Meetings held on			
			22-06-11	23-05-11	10-08-11	30-10-11	12-02-12
1	Mr. Masoud Humaid Malik Al Harthy	Chairman	No	Yes	Yes	Yes	Yes
2	Mr. Qais Mohamed Al Yousef	Deputy Chairman	Yes	Yes	Yes	Yes	Yes
3	Mr. Mehdi Mohamed Al Abduwani	Director	No	Leave	Yes	Yes	Yes
4	Mr. Nawwaf Ghubash Ahmed Al Merri	Director	No	Leave	Leave	Leave	Leave
5	Mr. Shabir Moosa Abdullah Al Yousef	Director	Yes	Yes	Yes	Yes	Yes
6	Mr. Abdulredha Mustafa Sultan	Director	Yes	Yes	Yes	Yes	Yes
7	Mr. Qaboos Abdullah Mohamed Al Khonji	Director	Yes	Yes	Yes	Yes	Yes

The Meeting attendance fees paid to the members for each meeting attended is

(i) Chairman – RO 500/- (ii) Deputy Chairman – RO 400/- (iii) Other Members – RO 350/-

- (b) **The Executive Committee (EC)** is a sub-committee of the Board consisting of following three directors
- |                                     |             |
|-------------------------------------|-------------|
| Mr. Qais Mohamed Al Yousef          | EC Chairman |
| Mr. Shabir Moosa Abdullah Al Yousef | EC Member   |
| Mr. Nawwaf Ghubash Ahmed Al Merri   | EC Member   |

The EC met five times during the year. The particulars of the dates of the meetings and attendance of members are mentioned below:

Sr.#	Name of the Director		Executive Committee Meetings held on				
			10-04-11	23-05-11	10-10-11	12-02-12	25-03-12
1	Mr. Qais Mohamed Al Yousef	Chairman	Yes	Yes	Yes	Yes	Yes
2	Mr. Nawwaf Ghubash Ahmed Al Merri	Member	Yes	No	Yes	No	Yes
3	Mr. Shabir Moosa Abdullah Al Yousef	Member	Yes	Yes	Yes	Yes	Yes

The Meeting attendance fees paid to the members for each meeting attended was RO 250/- for EC Chairman and RO 200/- for EC Members.

- (c) **Audit Committee:** The Audit Committee (AC) is a sub-committee of the Board, comprising of the following three Directors:

Mr. Mehdi Mohamed Al Abduwani	AC Chairman
Mr. Qais Mohamed Al Yousef	AC Member
Mr. Abdulredha Mustafa Sultan	AC Member

The Audit Committee met four times during the year. The Full particulars of the dates of the meetings and attendance of members are mentioned below.

Sr.#	Name of the Director		Audit Committee Meetings held on			
			17-05-11	10-08-11	29-10-11	05-02-12
1	Mr. Mehdi Mohamed Al Abduwani	Chairman	Yes	Yes	Yes	Yes
2	Mr. Abdulredha Mustafa Sultan	Member	Yes	Yes	Yes	Yes
3	Mr. Qais Mohamed Al Yousef	Member	Yes	Yes	Yes	Yes

The Meeting attendance fees paid to the members for each meeting attended was RO 250/- for AC Chairman and RO 200/- for AC Member.

All the members are experienced and have fundamental knowledge of accounts and finance.

The terms of reference of the Audit Committee are in accordance with the guidelines given by CMA. The major areas covered by the Audit Committee are matters concerning (i) consideration and recommendations for appointment of Internal and Statutory Auditors, (ii) reviewing of audit plans and audit reports; (iii) oversight of internal audit functions to comply with all the requirements of internal audit as per Code of Corporate Governance and oversight of adequacy of internal control systems and financial statements, (iv) checking financial frauds, (v) reviewing annual and quarterly statements and qualifications, if any, before issuing, (vi) critical review of non-compliance of IAS and disclosure requirements prescribed by CMA, (vii) reviewing risk management policies and related party transactions and (viii) serving a channel between internal and external auditors and the Board.

#### **4. Brief Profile of the Directors**

##### **Brig. Masoud Humaid Al Harthy**

He holds a diploma in management with an experience of 34 years in military service and businesses. Brig. Masoud is Chairman and Board member in several companies.

##### **Mr. Qais Mohamed Al Yousef**

He holds a Masters in Business Management and a Bachelor's Degree in Economics. He is currently the CEO of Al Yousef Group. He is Chairman and board member in several companies, operating in various fields of the economy. He is a member of the Research Council and the Young Presidents' Organization.

##### **Mr. Mehdi Mohamed Al Abduwani**

Holds a Post Graduate Diploma in Development Planning Technique (DPT) and has a bachelor's degree in economics. He is currently the Director General of Development Planning at the Ministry of National Economy, Sultanate of Oman. He is a board member and chairman in several companies, operating in various fields of the economy.

##### **Mr. Nawwaf Ghobash Al Merri**

Holds a Bachelor's degree in Business Administration and has an extensive experience in the retail business and management. He represents Ghobash Group for Business and Investments and is a board member of several companies. He also represents Ras Al Khaima Government in the Boards of several companies and is a member of the executive committee of Sahara Centre.

##### **Mr. Shabir Moosa Al Yousef**

Holds an MBA from the University of Lincolnshire & Humberside (UK), a Master's Degree in Science from the Colorado School of Mines (USA) and a Bachelor's Degree in Electronics & Communication from Sultan Qaboos University and has more than 19 years' experience in Senior Management Position and Board representation in various companies. He has vast experience in various professional capacities, especially in Product Development and Project Management within the Manufacturing, logistics and Financial Services Industry. He is responsible for the overall management and operations of the Company.

##### **Mr. Abdulredha Mustafa Sultan**

He holds a Bachelor's Degree in Commerce majoring in Finance. He is a board member in several companies and the Executive Director in Mustafa Sultan Enterprises LLC. He is a member of the Young Presidents' Organisation.

##### **Mr. Qaboos Abdullah Al Khonji**

Holds a Bachelor's Degree in Management from University of Southern Colorado, USA and has a decade of experience in Building Materials and in construction and transportation business. He also has interests in other economic activities of sales of sanitary items, textiles, real estate and investments.

## **Process of nomination of the Directors**

The company follows the provisions of the Commercial Companies Law and Capital Market Authority Law & Regulations in respect of nomination of the members of the Board of Directors.

### **5. Management**

The members of the management of the company are appointed with proper contracts clearly defining the terms of reference. The Chief Executive Officer, under the supervision, direction and control of the Board, manages the company.

### **6. Brief profile of top management personnel with executive powers**

#### **Reji Joseph, Chief Executive Officer**

Reji Joseph is a Chartered Accountant and has a degree in economics. He has two decades of experience in management and investments across a wide geography. He was associated with some of the large companies, international investment banks and accounting firms. He has successfully executed corporate turnarounds and restructurings; M&A's and capital injections; and conducted due diligences and valuations for companies across South East Asia, US, Europe, Australia and the Middle East.

#### **Sanjay Tiwari, Financial Controller**

Sanjay Tiwari is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India and a graduate in Commerce. He has 25 years of experience in industries ranging from Textile, Cement, Tyre & Engineering to FMCG. He has in-depth knowledge of the Middle East, South East and South Asian markets. His core expertise has been to monitor and manage operations of varied industries from financial and commercial viewpoints. He has worked in some of the leading companies in India, UAE and Oman.

### **7. Related party transactions**

No transactions where the management has personal interest are carried out in the company. The company has a system in vogue, for prior approval by the Board for such type of transactions if any arises in the normal course of business. All the related party transactions, if any, are carried out at arm's length basis in the normal course of business. No special method of evaluation is followed for these transactions. There are no material related party transactions where directors have an interest.

### **8. Means of communication with the Shareholders and investors**

- (a) The notice to the Shareholders for the Annual General Meeting containing the details of the related party transactions is filed with CMA and mailed to shareholders along with Directors' report and audited accounts.
- (b) The Quarterly results of the company as per CMA format, are prepared by the management for every quarter, reviewed by the Audit Committee, approved by the Board, are forwarded to CMA and also published in the Newspapers as per the directives of CMA. Copies are made available to shareholders on request. Results are also uploaded on the website of Muscat Securities Market (MSM).

(c) Important Board decisions are disclosed to the investors through MSM from time to time. The company has its official website, [www.alanwarholdings.com](http://www.alanwarholdings.com) for its investors. The website is updated from time to time.

(d) The Management Discussion and Analysis Report forms part of the Annual Report.

## 9. Remuneration matters

(a) The Meeting attendance fee was as per the remuneration fixed by the Board. A total of RO 14,300/- (FY 2010-11: RO 18,050/-) was paid to Directors for meetings attended during the period 1<sup>st</sup> April '11 to 31<sup>st</sup> March '12 as per details given below:

<u>Name of Director</u>	<u>2011-12</u>	<u>2010-11</u>
Mr. Masoud Humaid Malik Al Harthy	2,000	2,500
Mr. Qais Mohamed Al Yousef	3,650	4,300
Mr. Mehdi Mohamed Al Abduwani	2,050	2,300
Mr. Nawwaf Ghobash Ahmed Al Merri	600	1,700
Mr. Shabir Moosa Abdullah Al Yousef	2,400	2,750
Mr. Abdulredha Mustafa Sultan	2,200	2,750
Mr. Mohamed Abdullah Al Khonji	-	700
Mr. Qaboos Abdullah Al Khonji	1,400	1,050
<b>Total Meeting Attendance fees</b>	<b>14,300</b>	<b>18,050</b>

(b) A sum of RO 584 was reimbursed to Directors towards travelling expenses for attending the meetings in addition to above mentioned sitting fees.

(c) The remuneration for the employees is, after critical evaluation, fixed by the Board, based on qualification, expertise and efficiency of the executives. The total remuneration of the Top three (FY 2010-11 Top three) employees for Financial Year 2011-12 was RO 114,315 (FY 2010-11: RO 122,043).

(d) A scheme of incentive based on profits earned is applicable to the Chief Executive Officer.

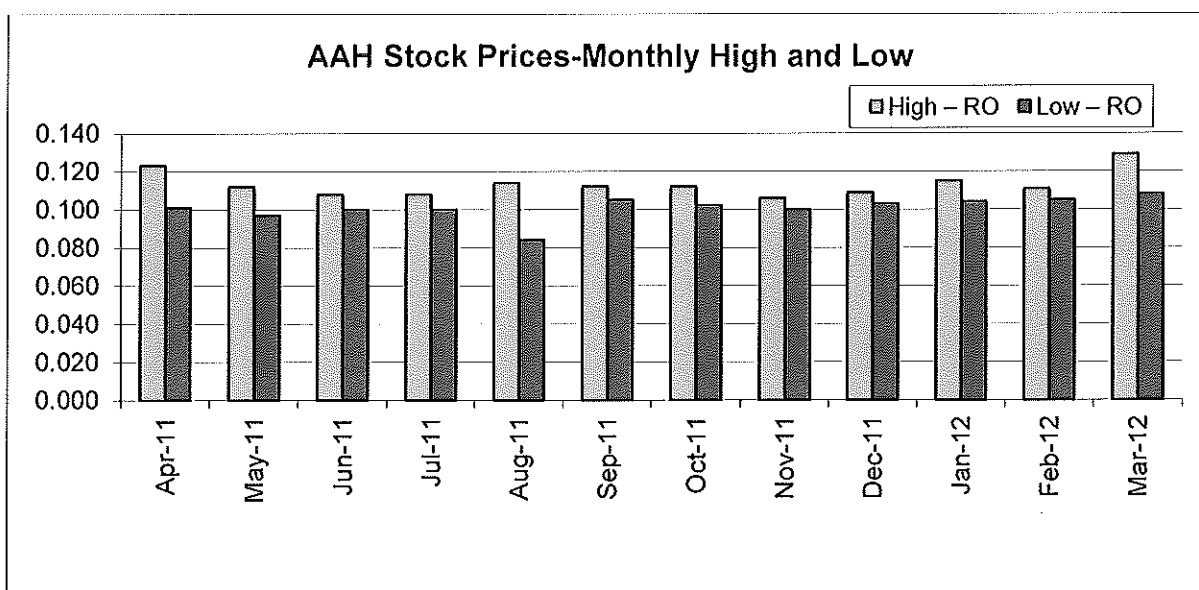
(e) The Board has approved Directors' remuneration of RO. NIL for the year 2011-12 ( FY 2010-11 : RO NIL)

## 10. Details of non-compliance by the company

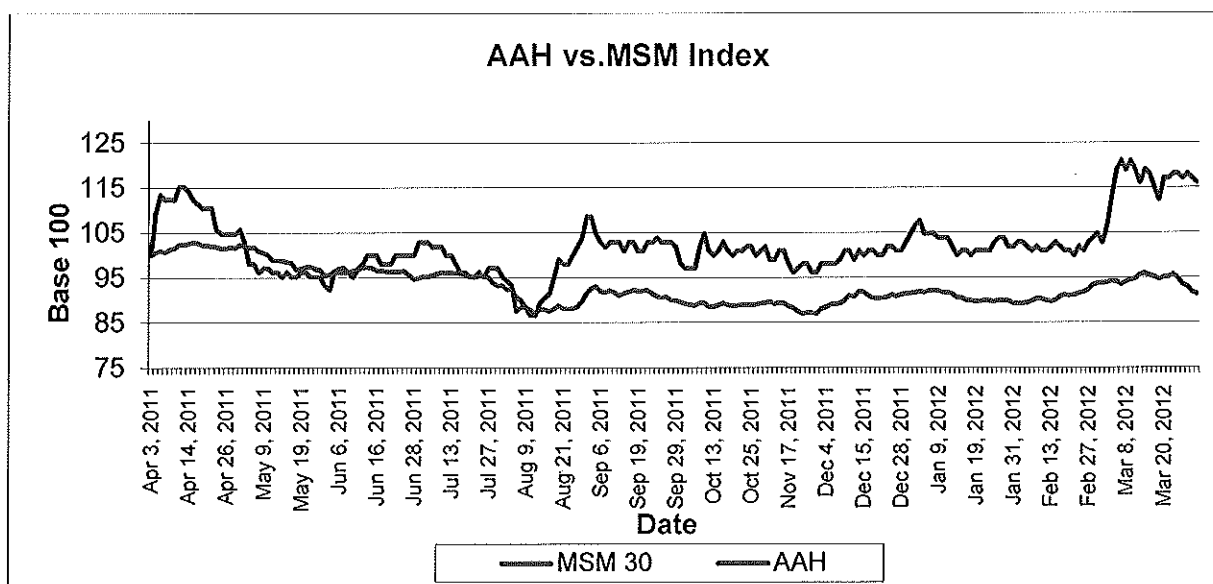
No penalties have been imposed by CMA or MSM or any other statutory bodies on the company.

## 11. Market price data

The monthly high and low share price of the company during the financial year ended 31<sup>st</sup> March 2012 was as under:



Note: AAIT is the trading code of Al Anwar Holdings SAOG scrip listed on MSM



## 12. Distribution of Shares

The share holding pattern as on 31<sup>st</sup> March 2012 is as given below:

Distribution	No. of Share	Shares Holders	No. of % on total shares
1 to 50,000	15,606,323	2,081	13%
50,001 to 100,000	6,298,902	87	5%
100,001 to 200,000	7,331,008	52	6%
200,001 to 500,000	11,959,146	39	10%
500,001 & Above	78,804,621	20	66%
Grand Total	120,000,000	2,279	100%

The Company does not have any foreign Global Depository Receipts (GDR) / American Depository Receipts (ADR) / Warrants or any other instrument of any type issued to public or institutional investors or any other class of investors.

**13. Professional profile of the statutory auditor**

Ernst & Young are the statutory auditor's of the Company. Ernst & Young is one of Oman's oldest established accounting firms, having had a permanent office in the country since 1974. The practice comprises 200 professionals, and is working under the direction of six partners.

The Oman office forms part of Ernst & Young's MENA practice, with 113 partners and over 5,079 other professionals in 18 offices in 13 countries throughout the region.

The MENA practice is member firm of Ernst & Young Global, operating in more than 140 countries with approximately 152,000 personnel world-wide.

During the year 2011-2012, details of professional fees are as follows:

	RO
Audit of financial statements for the year ended 31 March 2012	
And review of Compliance with Code of Corporate Governance	6,250
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	6,250
	*****

Three subsidiaries of the group paid an audit fee of RO 8,750 for the year 2011.

**14. Specific areas of non-compliance with the provisions of corporate governance and reasons**

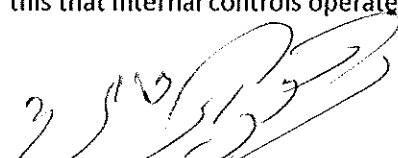
This report is prepared in compliance with the Code of Corporate Governance and covers all the items specified in Annexure 1 & 4 of the Code.


**15. Acknowledgement by Board of Directors**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the applicable standards and rules

There are no material things that effect the continuation of the Company and its ability to continue its operations during the next financial year.

The Board of Directors, through the Audit Committee's consideration of the results of the internal audit work and discussions with the external auditors, together with their examination of periodic management information and discussions with the management, have reviewed the operation of internal controls during the year ended 31<sup>st</sup> March 2012. The Board of Directors has concluded based on this that internal controls operated effectively throughout the year.

  
Masoud Humaid Al Harthy  
Chairman

  
Mehdi Mohamed Al Abduwani  
Chairman Audit Committee