1 General information

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

2 Summary of significant accounting policies

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

2.1 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 31 March 2018 comprise the Parent Company and its subsidiaries (together "the Group") and the Group's interest in associates. The separate financial statements represent the financial statements of the Parent Company on a standalone basis. These consolidated and separate financial statements are collectively referred to as 'the financial statements'.

(c) These financial statements have been prepared under the historical cost convention, as modified by investments classified as available-for-sale and financial assets at fair value through profit or loss which are measured at fair value.

(d) The preparation of 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 financial statements are disclosed in note 3.

2.1.1 Changes in accounting policy and disclosures

(a) Adoption of new and amended standards and interpretations to IFRS

For the year ended 31 March 2018, the Group has adopted all of the following new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 April 2017:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements Cycle - 2014-2016
  - Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The adoption of these standards and interpretations has not resulted in any significant changes to the Group's accounting policies and has not affected the amounts reported for the current year.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) which may impact the financial statements of the Group but are not yet mandatory for the year ended 31 March 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- Transfers of Investment Property — Amendments to IAS 40
- Annual Improvements 2014-2016 Cycle (issued in December 2016)
  - IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters
  - IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
  - IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
  - IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

Other IASB Standards and Interpretations that have been issued but are not yet mandatory, and have not been early adopted by the group, are not expected to have a material impact on the Group's financial statements.

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) which may impact the financial statements but are not yet mandatory for year ended 31 March 2018:

- *IFRS 9 Financial instruments:*

The Group will adopt IFRS 9 on 1 April 2018 and will not restate the comparative information in accordance with the IFRS guidelines. IFRS 9 Financial Instruments Standard issued July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (FVOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group: (continued)

- *IFRS 9 Financial instruments: (continued)*

  - with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

  - in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

  - the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the classification and impairment requirements of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9.

- *IFRS 15 Revenue from contracts with customers:*

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group plans to adopt the new standard on the required effective date using the modified retrospective approach. The Group has performed an initial assessment and concluded that the impact is not material. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group: (continued)

- *IFRS 16 Leases:*

The IASB issued IFRS 16 Leases (IFRS 16), which requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). For lessors, there is little change to the existing accounting in IAS 17 Leases. The Group will perform a detailed assessment in the future to determine the extent. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. In 2018, the Group will continue to assess the potential effect of IFRS 16 on its financial statements.

Other standards and interpretations that have been issued but are not yet mandatory, and have not been early adopted by the Group, are not expected to have a material impact on the Group's financial statements.

2.2 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.

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.

In the standalone financial statements, investment in subsidiaries is carried at cost less accumulated impairment losses, if any.

(b) Changes in ownership interests in subsidiaries without change of control

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.

2 Summary of significant accounting policies (continued)

2.2 Basis of consolidation (continued)

(c) Disposal of subsidiaries

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 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.

(d) 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. 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 statement of comprehensive income where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the 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 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.

In the standalone financial statements, investment in associates is carried at cost less accumulated impairment losses, if any.

The consolidated financial statements comprise those of the Parent Company drawn up to 31 March 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.

2 Summary of significant accounting policies (continued)

2.3 Foreign currencies

(a) Functional and presentation currency

Items included in the 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.

(b) 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 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 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.

2.4 Property and equipment

Property and equipment 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 statement of comprehensive income during the financial year in which these are incurred.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each class of property and equipment 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 equipment are determined by reference to their carrying amounts, are recognised within 'other income' and are included in the statement of comprehensive income.

2.5 Asset held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of reclassification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2 Summary of significant accounting policies (continued)

2.5 Asset held for sale (continued)

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or,
- Is a subsidiary acquired exclusively with a view to resale.

2.6 Financial assets

2.6.1 Classification

The Group classifies its financial assets in the following categories: available for sale investments, financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at the time of initial recognition.

(a) Available for sale investments

Available for sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available for sale investments are initially recognised at fair value including transaction costs. These are subsequently measured at fair value and changes in the fair value of available for sale financial assets are recognised in the other comprehensive income.

When securities classified as available for sale are sold, the accumulated fair value changes recognised in equity are included in the statement of comprehensive income.

The fair value of available for sale investments is based on their quoted market prices as at the reporting date. The fair value of financial instruments that are not traded in an active market (for example, unquoted investments or illiquid listed equities) is determined by using certain valuation techniques.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are investments held for trading. Investments held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short-term. These investments are initially recognised at fair value. Transaction costs for all investments carried at fair value through profit or loss are expensed as incurred.

Financial assets at fair value through profit or loss are subsequently carried at fair value. The fair value of financial assets through profit or loss is based on their quoted market prices as at the reporting date. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss category are included in the statement of comprehensive income in the year in which these arise.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and arise during the ordinary course of the business. Loans and receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or origination. These are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment, if any. The Group's loans and receivables comprise 'other receivables' and 'cash and bank balances' in the statement of financial position.

2 Summary of significant accounting policies (continued)

2.6 Financial assets (continued)

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Available for sale investments and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method less provision for impairment, if any.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within 'unrealised (loss) / gain on financial assets at fair value through profit or loss - net' in the year in which these arise.

Gain or losses arising from change in fair value of available for sale investments are taken to other comprehensive income in the year in which these arise except for the impairment losses which are recognised directly in the statement of comprehensive income. When available for sale investments are derecognised or impaired, the accumulated fair value adjustment is recognised in the statement of comprehensive income.

2.6.3 Derecognition

(a) Financial assets

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive cash flows from the financial assets and either:

- substantially all the risks and rewards of the ownership have been transferred, or
- substantially all the risks and rewards have not been transferred but control has been transferred.

(b) Financial liabilities

Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or expired.

2.6.4 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

2 Summary of significant accounting policies (continued)

2.6 Financial assets (continued)

2.6.4 Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

(b) Financial assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of these securities below its cost is also evidence that the assets are impaired.

If any such evidence exists for available for sale investments, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

2.7 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Any impairment loss on goodwill is recognised immediately as an expense and is not subsequently reversed.

2.8 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the 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.

2.9 Cash and cash equivalents

For the purpose of the 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.

2 Summary of significant accounting policies (continued)

2.10 End of service benefits and leave entitlements

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 statement of comprehensive income as incurred.

2.11 Other payables

Other payables are initially measured at fair value and subsequently carried at amortised cost using the effective interest rate method. Initially the liability for outstanding claims is estimated and recognised in insurance funds. Upon confirmation of claims amounts, these are subsequently transferred to "claims and other payable".

Liabilities for other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, these are presented as non-current liabilities. These are recognised for amount to be paid for goods or services received, whether or not billed to the Group.

2.12 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.

2.13 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 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 statement of comprehensive income over the period of the borrowings using effective interest rate.

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

Short-term loans are carried on the 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.

2.14 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.

2.15 Revenue

General insurance contracts, short-term life insurance contracts and long-term group life insurance contracts

Gross premiums for general business and short-term life insurance contracts are initially recognised as revenue when they become payable by the contract holder. Gross premiums for long-term group life insurance contracts are initially recognised as revenue on cash basis. Premiums are shown before deduction of commission. Please see section 'insurance funds' for the description of calculation of unearned premium reserve and provision for unexpired risk for general insurance contracts, short-term life insurance contracts and long-term group life insurance contracts.

2 Summary of significant accounting policies (continued)

2.15 Revenue (continued)

Long-term individual life insurance contracts

These contracts insure events associated with human life (for example, death or survival) over a long duration. Gross written premiums for long-term individual life insurance contracts are recognised as revenue on cash basis. Premiums are shown before deduction of commission. Please see section 'insurance funds' for the description of calculation of mathematical reserve and unearned premium reserve for long-term individual life insurance contracts.

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

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

Dividend income from financial assets at fair value through profit or loss and available for sale investments is recognised in the 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 through profit or loss 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 statement of comprehensive income.

Realised gains / (losses) on financial assets at fair value through profit or loss and available for sale financial assets are recognised and taken to the statement of comprehensive income in the year of disposal of related securities.

2.16 Income tax

Income tax on the results for the year comprises of current and deferred tax. Tax expense is recognised in the 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 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.

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.

2.17 Directors' remuneration

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

2.18 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.

2 Summary of significant accounting policies (continued)

2.19 Dividend distribution

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

2.20 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the general manager to make decisions about resources to be allocated to the segment and assess its performance.

2.21 Fair value estimation

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 statement of financial position.

3 Critical accounting estimates and judgements

The preparation of 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.

3 Critical accounting estimates and judgements (continued)

(i) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 to determine when an available for sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. As there is no decline in fair values which could lead to impairment loss, hence, no sensitivity analysis of the estimate carried.

(ii) Impairment of receivables

The Group estimates an allowance for doubtful receivables based on past collection history and expected cash flows from debts that are overdue.

(iii) Classification of investments

On acquisition of an investment, management has to decide whether it should be classified as “at fair value through profit or loss”, “available for sale” or as “loans and receivables”. In making that judgment the Group considers the primary purpose for which it is acquired and how it intends to manage and report its performance. Such judgment determines whether it is subsequently measured at cost or at fair value and if the changes in fair value of instruments are reported in the statement of profit or loss or directly in equity.

(iv) Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises a liability for anticipated taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions used as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying values of the deferred tax assets.

(v) 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.

(vi) 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.

4 Net underwriting results

	2018			2017		
Group	**General RO'000**	**Life RO'000**	**Total RO'000**	General RO'000	Life RO'000	Total RO'000
Premium revenue						
- Gross premiums written	-	-	-	8,337	3,067	11,404
- Reinsurers' share	-	-	-	(5,923)	(747)	(6,670)
				2,414	2,320	4,734
Movement in unexpired premiums reserves						
- Gross	-	-	-	903	(2,591)	(1,688)
- Reinsurer share	-	-	-	(480)	1,266	786
	-	-	-	423	(1,325)	(902)
Net premium earned	-	-	-	2,837	995	3,832
Claims paid						
- Gross claims paid	-	-	-	(4,236)	(1,998)	(6,234)
- Reinsurance and other recoveries	-	-	-	2,119	1,317	3,436
	-	-	-	(2,117)	(681)	(2,798)
Movement in outstanding claims						
- Gross claims outstanding	-	-	-	(208)	1,742	1,534
- Reinsurance and other recoveries	-	-	-	611	(1,384)	(773)
	-	-	-	403	358	761
Net claims incurred	-	-	-	(1,714)	(323)	(2,037)
Net commission						
Commission expense	-	-	-	(509)	(214)	(723)
Commission income	-	-	-	891	-	891
	-	-	-	382	(214)	168
Other underwriting income	-	-	-	-	102	102
	-	-	-	382	(112)	270
Net underwriting results	-	-	-	1,505	560	2,065

During the prior year, the Parent Company partially sold its investment in Arabia Falcon Insurance Company SAOC, details of which are set out in note 13 (d).

5 Net investment income

	Group		Parent Company	
	2018 RO'000	2017 RO'000	**2018 RO'000**	2017 RO'000
Unrealised (loss) gain on financial assets at fair value through profit or loss – net	**(816)**	3,004	**(582)**	2,542
Day 1 loss on available-for-sale financial asset [note (a)]	**(1,129)**	-	**(1,129)**	-
Gain on excess of Parent Company's share of provisional fair value of identifiable net assets over the cost of investment [note (b)]	**950**	-	**-**	-
Recovery of investment in Addax Bank B.S.C. (c) [note (c)]	**393**	1,284	**393**	1,284
Dividend income	**566**	1,130	**1,043**	1,590
Profit on sale of a subsidiary [note 12 (c)]	**-**	198	**-**	897
Fair value gain on revaluation of remaining shareholding in Arabia Falcon Insurance Company SAOC [note 12 (c)]	**-**	313	**-**	1,383
Realised gain on sale of investments – net	**3,746**	216	**3,811**	342
Interest income	**242**	365	**242**	-
	3,952	6,510	**3,778**	8,038

5 Net investment income (continued)

During the year, the Group acquired a portfolio of investments in Oman Chlorine SAOG, National Detergent Company SAOG (NDC) and National Biscuits Industries SAOG (NABIL) for a total consideration of RO 11,568 thousands. Set out below are the details:

(a) The Parent Company acquired a 15.11% shareholding in Oman Chlorine SAOG amounting to RO 7,402 thousands. The investment was classified as an available-for-sale investments. In accordance with the requirements of IAS 39, the fair valuation of the stake as on date of acquisition was performed. A level 3 technique was used to value stake in accordance with the relevant requirements of IFRS 13, given that the stock is thinly traded on local stock exchange. The management determined the fair value to be lower than the acquisition cost and accordingly recorded a day 1 loss of RO 1,129 thousands in the statement of comprehensive income. There was no change in the valuation between Day 1 and as of the reporting date.

(b) The Parent Company has acquired 21.62% shareholding in NDC for an amount of RO 2,876 thousands and 28.92% shareholding in NABIL for an amount of RO 1,485 thousands. The Parent Company has determined that it has significant influence because it has a representation on the Board of Directors on NDC and NABIL.

At this stage, management has performed initial accounting for the acquisition of NDC by applying purchase method of accounting because the fair values to be assigned to the NDC's majority of the identifiable assets and liabilities can only be determined provisionally. However, the Parent Company has obtained an independent valuation of the plot of land owned by NDC as it represents significant portion of total assets of NDC. The share of the net provisional fair value of the investee's identifiable assets and liabilities amounted to RO 3,682 thousands as compared to acquisition cost of RO 2,876 thousands and accordingly, the excess of RO 806 thousands has been recognised in the consolidated statement of comprehensive income. In accordance with the provisions of IFRS 3, the Group will recognise any further adjustments to these provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

The fair valuation of NABIL was performed based on an offer received from an external party with a 10% margin over the Parent Company's acquisition cost amounting to RO 1,485 thousands and recorded a gain of RO 144 thousands in the consolidated statement of comprehensive income. The decision relating to investment in NABIL was ratified in the board meeting held on 12 February 2018 and in accordance with the relevant requirements of IFRS 5, the investment was classified as held for sale.

(c) The Parent Company had invested in Addax Bank B.S.C. (the Bank) in the year 2008 and its fair value gradually started to decline subsequent to its purchase. The Parent Company believed that the Bank omitted material disclosures before the investment was made and accordingly a commercial claim was submitted at GCC Arbitration Centre, Bahrain. The judgement (net of related costs) was delivered in the favour of the Parent Company amounting to RO 1,948 thousands, including interest on the principal portion. As of 31 March 2018, the Parent Company has recorded RO 1,948 thousands as income, after adjusting carrying value of investment amounting to RO 256 thousands. Out of this, RO 393 thousands was recognised as income during the current year. The Parent Company has recovered an amount of RO 1,796 thousands as of reporting date and out of this RO 613 thousand was collected during the current year. In addition, RO 59 thousands has been received subsequent to the year end. As at 31 March 2018, company has total recoverable amount of RO 0.15 million.

6 Other income

	Group		**Parent Company**	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Liabilities no longer payable written back [note (a)]	**-**	269	**-**	-
Management and sitting fees	**18**	7	**18**	7
Other income	**(1)**	114	**(1)**	-
	17	390	**17**	7

(a) This represents long outstanding unpresented cheques which had been written back by the Group as the related liabilities are no longer considered as payable.

7 Operating expenses

	Group		Parent Company	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Staff costs (note 7.1)	226	1,700	226	382
Bank Charges	86	19	86	19
Rent	13	127	13	13
Director's remuneration and sitting fees [note 25(b)]	130	245	130	195
Advisory and consultancy charges	36	136	36	136
Amortisation of intangibles	-	2	-	-
Depreciation (note 10)	3	51	3	13
Donation	25	20	25	20
Legal and professional charges	28	68	28	28
Business promotion	10	42	10	12
Fees and subscription	30	28	30	28
Printing and stationery	7	20	7	5
Computer expenses	-	30	-	-
Repairs and maintenance	5	6	5	6
Miscellaneous	65	340	56	76
	664	2,834	**655**	933

7.1 Staff costs

	Group		Parent Company	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Salaries and wages	**146**	1,188	**146**	207
Other benefits	**69**	417	**69**	160
Social security costs	**4**	54	**4**	2
Employees' end of service benefit charge (note 20)	**7**	41	**7**	13
	226	1,700	**226**	382

8 Taxation

The Parent Company and its subsidiaries are assessed separately for taxation, as there is no concept of group taxation followed by the Omani Tax Authorities. The tax rate applicable is 15% (2017 - 12%). The Group is not taxed as a taxable entity.

	Group		Parent Company	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Statement of comprehensive income:				
Current tax	**-**	189	**-**	-
Deferred tax	**-**	(82)	**-**	-
	-	107	**-**	-

	Group		Parent Company	
	2018	2017	**2018**	2017
Statement of financial position	**RO'000**	RO'000	**RO'000**	RO'000
Current liability				
Provision for income tax	**-**	48	**-**	48

8 Taxation (continued)

Status of tax assessments

The status of tax assessments of the Parent Company and its subsidiaries is as follows:

i. Parent Company

The tax returns of the Parent Company for the tax years 2013 to 2016 have not yet been agreed with the Secretariat General for Taxation at the Ministry of Finance. The management is of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Parent Company's financial position as at 31 March 2018.

ii. Subsidiaries

The tax assessments of subsidiaries are at different stages of completion. Management is not aware and does not expect any additional tax liabilities to be incurred relating to the open tax years.

(a) Reconciliation is as follows:

	Group		Parent Company	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Profit before taxation	**3,866**	6,807	**2,340**	6,421
Tax charge at applicable rates	**351**	1,021	**351**	963
Expenses not deductible	**514**	152	**514**	152
Exempt incomes	**(869)**	(1,062)	**(869)**	(1,076)
Others	**4**	(4)	**4**	(39)
	-	107	**-**	-

(b) Movement in current tax liability is as under:

	Group		**Parent Company**	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
At the beginning of the year	**48**	316	**48**	48
Charge for the year	**-**	189	**-**	-
Paid during the year	**(48)**	(269)	**(48)**	-
Effect of disposal of a subsidiary	**-**	(188)	**-**	-
At the end of the year	**-**	48	**-**	48

The Group has tax losses available for carry forward as at 31 December 2017 of approximately RO 1.67 million. The Group is not recognising a deferred tax asset on the basis that the income of the Group is predominantly exempt from income tax and it will not have sufficient future taxable profits against which to utilise the tax losses. The Group companies can only utilise its own tax losses against its own taxable income. The tax losses are subject to expiry under the Oman Income Tax Law and will expire between 2019 to 2022.

9 Earnings per share

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

	Group		Parent Company	
	2018	2017	**2018**	2017
Profit for the year attributable to equity shareholders of Parent Company (RO'000)	**3,866**	6,224	**2,340**	6,421
Weighted average number of shares outstanding ('000)	**200,000**	200,000	**200,000**	200,000
Basic earnings per share (in Baisas)	**19**	31	**12**	32

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.

10 Property and equipment

Group	**Motor vehicles RO'000**	**Furniture and fixtures RO'000**	**Land RO'000**	**Capital work in progress RO'000**	**Total RO'000**
Cost:					
At 1 April 2017	30	56	1,948	-	2,034
Additions during the year	-	5	-	75	80
Disposal during the year	-	(5)	-	-	(5)
At 31 March 2018	**30**	**56**	**1,948**	**75**	**2,109**
Accumulated depreciation:					
At 1 April 2017	30	48	-	-	78
Charge for the year	-	3	-	-	3
Disposal during the year	-	(5)	-	-	(5)
At 31 March 2018	**30**	**46**	**-**	**-**	**76**
Net book value:					
At 31 March 2018	**-**	**10**	**1,948**	**75**	**2,033**

Group	Motor vehicles RO'000	Furniture and fixtures RO'000	Land RO'000	Total RO'000
Cost				
At 1 April 2016	95	305	-	400
Additions during the year	6	41	1,948	1,995
Disposal during the year	(11)	(8)	-	(19)
Effect of disposal of a subsidiary	(60)	(282)	-	(342)
At 31 March 2017	30	56	1,948	2,034
Accumulated depreciation				
At 1 April 2016	73	238	-	311
Charge for the year	15	35	-	50
Disposal during the year	(11)	(8)	-	(19)
Effect of disposal of a subsidiary	(50)	(214)	-	(264)
At 31 March 2017	27	51	-	78
Net book value				
At 31 March 2017	3	5	1,948	1,956

10 Property and equipment (continued)

Parent Company

	Motor vehicles RO'000	**Furniture and fixtures RO'000**	**Land RO'000**	**Total RO'000**
Cost:				
At 1 April 2017	30	54	1,948	2,032
Additions during the year	-	5	-	5
Disposal during the year	-	(5)	-	(5)
At 31 March 2018	**30**	**54**	**1,948**	**2,032**
Accumulated depreciation:				
At 1 April 2017	30	47	-	77
Charge for the year	-	3	-	3
Disposal during the year	-	(5)	-	(5)
At 31 March 2018	**30**	**45**	**-**	**75**
Net book value				
At 31 March 2018	**-**	**9**	**1,948**	**1,957**

	Motor Vehicles RO'000	Furniture and fixtures RO'000	Land RO'000	Total RO'000
Cost				
At 1 April 2016	30	61	-	91
Additions during the year	-	1	1,948	1,949
Disposal during the year	-	(8)	-	(8)
At 31 March 2017	30	54	1,948	2,032
Accumulated depreciation				
At 1 April 2016	20	52	-	72
Charge for the year	7	6	-	13
Disposal during the year	-	(8)	-	(8)
At 31 March 2017	27	50	-	77
Net book value				
At 31 March 2017	3	4	1,948	1,955

The Parent Company purchased a land from a related party for a purchase consideration of RO 1,900,000 in May 2016 for the purpose of constructing building. In addition, the Parent Company has incurred RO 48k for registration of the land in its name. The land is registered in the name of its directors Mr.Faisal Bin Mohammed Bin Moosa Al Yousef and Mr.Masoud Bin Humaid Bin Malek Al Harthy on behalf of the Parent Company.

11 Goodwill

Group	2017 RO'000
Goodwill	513
Accumulated impairment	(120)
Disposal of a subsidiary	(393)
At 31 March	-

Goodwill amounting to RO 393k was related to acquisition of Arabia Falcon Insurance Company SAOC (FIC). During the prior year, the Parent Company partially disposed its shareholding in FIC and accordingly the goodwill amount is de-recognised as subsidiary relationship has ceased to exist, the details of which are set out in note 13 (d).

12 Investments in subsidiaries

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

Parent Company	**Principal activity**	**Proportion held**	**Carrying value**	Proportion held	Carrying value
		2018	**2018**	2017	2017
		%	**RO'000**	%	RO'000
Al Anwar Development LLC	Investment activities	**100**	**500**	100	500
Al Anwar International Investment LLC	Investment activities	**100**	**150**	100	150
Al Anwar Hospitality SAOC [see note (d)]	Hospitality business	**100**	**500**	-	-
			1,150		650

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

	Parent Company	
	2018	2017
	RO'000	RO'000
At 1 April	**650**	4,484
Formation of a subsidiary	**500**	-
Disposal /transfer of investment to associate [see note (c)]	**-**	(3,834)
At 31 March	**1,150**	650

(c) During the prior year, the Parent Company partially sold its investment in Arabia Falcon Insurance Company SAOC (FIC) for a purchase consideration of RO 2,441,293 and has lost its control over FIC. The Parent Company's shareholding in FIC reduced to 19% and it now has significant influence over FIC through its 19% ownership and representation on the Board of directors of FIC. As per the agreement with the buyer, an amount of RO 244,129 was deposited in an escrow account and the remaining amount was paid to the Parent Company. The amount in the escrow account shall be released after one year from the date of transaction and completion of certain conditions as per the agreement. The amount was released to the Parent Company's bank account subsequent to the year ended 31 March 2018.

(d) During the year 2017, the Parent Company formed a new company Al Anwar Hospitality SAOC with a share capital of RO 500 k. The subsidiary company is engaged in hospitality business.

13 Investment in associates

(a) The financial statements include the results of the Group's associates listed below:

2018 **Company name**	**Country of incorporation**	**Principal activity**	**% Holding**	**Group carrying value RO'000**	**Parent Company carrying value RO'000**
Voltamp Energy SAOG and its subsidiaries	Sultanate of Oman	Manufacture and trade of electrical equipment	**24.68**	**5,111**	**408**
Al Maha Ceramics Company SAOG	Sultanate of Oman	Manufacture of ceramic products	**23.74**	**2,555**	**1,664**
Arabia Falcon Insurance Company SAOC	Sultanate of Oman	Insurance business	**19**	**3,843**	**3,682**
The National Detergent Company SAOG [note 5 (b)]	Sultanate of Oman	Manufacture of detergents products	**21.74**	**3,529**	**2,876**
Alruwad International for Education Services SAOC [note (e)]	Sultanate of Oman	Education Services	**43.51**	**4,478**	**4,389**
Hormuz Al Anwar Cement SAOC	Sultanate of Oman	Manufacture of cement products	**40**	**40**	**40**
				19,556	**13,059**

2017 Company name	Country of incorporation	Principal activities	% holding	Group carrying value RO'000	Parent Company carrying value RO'000
Voltamp Energy SAOG and its subsidiaries	Sultanate of Oman	Manufacture and trade of electrical equipment	25	4,843	413
Al Maha Ceramics Company SAOG	Sultanate of Oman	Manufacture of ceramic products	23.74	2,551	1,664
Arabia Falcon Insurance Company SAOC	Sultanate of Oman	Insurance business	19	3,682	3,682
				11,076	5,759

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

	Group		**Parent Company**	
	2018 RO'000	2017 RO'000	**2018 RO'000**	2017 RO'000
At 1 April	**11,076**	6,109	**5,759**	1,465
Additions	**7,318**	612	**7,306**	612
Transfer from investment in a subsidiary	**-**	3,682	**-**	3,682
Part disposal of an investment in an associate	**(69)**	-	**(6)**	-
Gain on excess of Parent Company's share of fair value of identifiable net assets over the cost of investment	**806**	-	**-**	-
Dividends received during the year	**(781)**	(649)	**-**	-
Share of profit during the year	**1,361**	1,367	**-**	-
Share of other comprehensive expense	**(155)**	(45)	**-**	-
At 31 March	**19,556**	11,076	**13,059**	5,759

13 Investment in associates (continued)

(c) *Total assets, liabilities and revenues of the Group's associates, all of which are registered in the Sultanate of Oman are shown below:*

Name of the associates	***Assets (RO'000)***	***Liabilities (RO'000)***	***Revenues (RO'000)***
2018			
Voltamp Energy SAOG and its subsidiaries	**43,871**	**20,785**	**43,047**
Al Maha Ceramics SAOG	**13,332**	**3,494**	**8,657**
Arabia Falcon Insurance SAOC	**62,560**	**43,960**	**7,244**
The National Detergent Company SAOG	**25,072**	**11,204**	**21,813**
Alruwad International for Education Services SAOC	**8,859**	**4,696**	**1,827**
Hormuz Al Anwar Cement SAOC	**100**	**-**	**-**
2017			
Voltamp Energy SAOG and its subsidiaries	38,896	17,375	41,155
Al Maha Ceramics SAOG	12,348	2,429	8,874
Arabia Falcon Insurance SAOC	30,215	19,848	3,833

(d) *Disposal / transfer of investment in Arabia Falcon Insurance Company SAOC*

During the prior year, the Parent Company's investment in FIC has reduced from 51% to 19% and consequently the Parent Company lost control over it. However, the Parent Company retained significant influence over FIC through its 19% ownership and two representations in the Board of directors. At the date of reclassification of FIC from subsidiary to associate, the management has performed preliminary assessment of fair value of assets and liabilities (both tangible and intangible). During the year, the Group has assessed the fair valuation of the assets and liabilities of FIC and determined that no significant adjustment is required to the provisional accounting performed earlier. The details are given in the table below:

	Group 2017 RO'000
Fair value of the remaining stake in FIC	3,682
Fair value of net assets acquired:	
- tangible net assets	3,240
- intangible net assets	218
	3,458
Goodwill at acquisition	224

(e) During the year, the Group acquired 43.51% shareholding in Alruwad International for Education Services SAOC (the "School") for a consideration of RO 4,389 thousands. At this stage, management has performed initial accounting for the acquisition of the School by applying purchase method of accounting because the fair values to be assigned to the School's majority of the identifiable assets and liabilities can only be determined provisionally. In accordance with the provisions of IFRS 3, the Group will recognise any further adjustments to these provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

(f) Impairment testing of investment in associates was carried out and accordingly no impairment was recorded in the current year (2017: nil).

(g) Certain investment in associates are pledged as security for term loans obtained by the Parent Company (note 21).

(h) The fair value of the Group's listed investment in associates, which are listed on the Muscat Securities Market, amounted to RO 12.896 million as at 31 March 2018 as compared to the their carrying value of RO 11.16 million.

14 Available-for-sale financial assets

	2018 Cost RO'000	**2018 Fair value RO'000**	2017 Cost RO'000	2017 Fair value RO'000
Group				
Quoted investments	**7,411**	**6,282**	16,481	20,197
Parent Company				
Quoted investments	**7,402**	**6,273**	16,481	20,197

Movement in available-for-sale investments is as follows:

	Group		**Parent Company**	
	2018 RO'000	2017 RO'000	**2018 RO'000**	2017 RO'000
At the beginning of the year	**20,197**	15,338	**20,197**	13,670
Purchases during the year [note 5 (a)]	**7,411**	5,979	**7,402**	3,668
Disposals during the year	**(20,197)**	(243)	**(20,197)**	-
Day 1 loss [note 5 (a)]	**(1,129)**	-	**(1,129)**	-
Realised loss on sale of investments	**-**	(14)	**-**	-
Unrealised gain – net	**-**	2,878	**-**	2,859
Effect of disposal of a subsidiary	**-**	(3,741)	**-**	-
At the end of the year	**6,282**	20,197	**6,273**	20,197

Quoted available for sale investments relate to the investment in the industrial sector (2017: financial sector) and are listed on Muscat Securities Market.

Available for sale investments are pledged as security for term loans obtained by the Parent Company (note 21).

15 Financial assets at fair value through profit or loss

	Group		**Parent Company**	
	2018 RO'000	2017 RO'000	**2018 RO'000**	2017 RO'000
Non-current				
Designated at fair value through profit or loss	**8,077**	15,630	**3,577**	13,857
Current				
Held for trading	**149**	787	**149**	787
	8,226	16,417	**3,726**	14,644

(a) Investments are analysed as follows:

Group 2018	**Local**		**Foreign**		**Total**
	Quoted RO'000	**Unquoted RO'000**	**Quoted RO'000**	**Unquoted RO'000**	**RO'000**
Banking & Investment sector	**3,345**	**-**	**420**	**45**	**3,810**
Industrial sector	**4,040**	**376**	**-**	**-**	**4,416**
	7,385	**376**	**420**	**45**	**8,226**

Group 2017	Local		Foreign		Total
	Quoted RO'000	Unquoted RO'000	Quoted RO'000	Unquoted RO'000	RO'000
Financial sector	15,668	-	320	53	16,041
Industrial sector	-	376	-	-	376
	15,668	376	320	53	16,417

15 Financial assets at fair value through profit or loss (continued)

	Local		**Foreign**		**Total**
Parent Company	**Quoted**	**Unquoted**	**Quoted**	**Unquoted**	
2018	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Banking & Investment sector	**2,860**	**-**	**420**	**45**	**3,326**
Industrial sector	**3**	**376**	**-**	**-**	**379**
Services sector	**21**	**-**	**-**	**-**	**21**
	2,884	**376**	**420**	**45**	**3,726**

	Local		Foreign		Total
Parent Company	Quoted	Unquoted	Quoted	Unquoted	
2017	RO'000	RO'000	RO'000	RO'000	RO'000
Financial sector	13,861	-	320	53	14,234
Industrial sector	3	376	-	-	379
Services sector	31	-	-	-	31
	13,895	376	320	53	14,644

Certain financial assets at fair value through profit or loss are pledged as security for term loans obtained by the Parent Company (note 21).

16 Trade and other receivables

	Group		**Parent Company**	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Due from related parties [note 25(b)]	**180**	650	**3,465**	1,056
Receivable from Addax Bank B.S.C. (c) [note 5 (a)]	**151**	371	**151**	371
Prepayments and other receivables (note (a))	**14,466**	1,270	**14,250**	1,221
	14,797	2,291	**17,866**	2,648

(a) Prepayments and other receivables include an amount of RO 13 million receivable towards sale of a marketable security. The receivable balance is interest bearing and is secured by a corporate guarantee. The management does not anticipate any recoverability concerns and accordingly, no provision is required.

17 Share capital

The authorised share capital of the Parent Company comprises 200,000,000 (2017 - 200,000,000) shares of 100 baisas (2017 - 100 baisas) each. The issued and fully paid up share capital consists of 200,000,000 shares (2017 - 175,002,458 shares) of 100 baisas (2017 - 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	**2018 (%)**	Number of shares held	2017 (%)
Fincorp Investment Company LLC	**47,298,848**	**24**	40,310,564	23
Mohamed and Ahmed Al Khonji LLC	**10,067,686**	**5**	8,809,349	5
Al Khonji Holdings LLC	**9,996,569**	**5**	8,747,121	5

18 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.

19 Fair value reserve

The Group has recognised its share of fair value reserve on revaluation of available-for-sale financial assets from associates. The Parent Company has also recognised the change in fair value of available-for-sale financial assets in equity.

20 Employees' end of service benefits

	Group		Parent Company	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
At 1 April	**39**	162	**39**	50
Charge for the year (note 7.1)	**7**	41	**7**	13
Paid during the year	**-**	(27)	**-**	(24)
Effect of disposal of a subsidiary	**-**	(137)	-	-
At 31 March	**46**	39	**46**	39

21 Bank borrowings

	Group		Parent Company	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Non-current portion				
Term loans	**6,030**	7,544	**6,030**	7,544
Current portion				
Current maturity of term loans	**10,714**	6,772	**10,714**	6,772
	16,744	14,316	**16,744**	14,316

The term loans carry annual interest rates ranging from 5% to 6% (2017 - 5% to 6%). These term loans are secured through pledge over marketable securities of the Parent Company (note 13, 14 and 15). The Parent Company has overdraft facilities of RO 950,000 (2017 - RO 950,000) from three (2017 – three) commercial banks. The interest on bank borrowings is charged at commercial rates.

22 Trade and other payables

	Group		Parent Company	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Accrued expenses	**231**	251	**231**	251
Due to related parties [note 25 (b)]	**-**	-	**735**	466
	231	251	**966**	717

23 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 year-end as follows:

	Group		Parent Company	
	2018	2017	**2018**	2017
Net assets attributable to the shareholders of the Parent Company (RO'000)	**35,897**	37,652	**27,974**	31,100
Number of shares outstanding at 31 March ('000)	**200,000**	200,000	**200,000**	**200,000**
Net assets per share (in Baisas)	**179**	188	**140**	156

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.

24 Proposed dividend

The Board of Directors have proposed stock dividend of NIL% of the share capital amounting to RO NIL (14.28 shares per 100 shares of the face value of RO 0.100) (2017 – 14.28% of the share capital amounting to RO 2,499,754 (14.28 shares per 100 shares of the face value of RO 0.100)) and cash dividend of 12.5% of the share capital amounting to RO 2,500,000 for the current year (2017 - cash dividend of 10% of the share capital amounting to RO 1,750,025).

25 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.

(a) During the year, related party transactions were as follows:

	2018	2017
	RO'000	RO'000
Group		
Premiums written	**-**	260
Claims paid	**-**	74
Dividend received	**-**	27
Directors' sitting fees	**47**	52
Directors' remuneration	83	193

	2018	2017
Parent Company	**RO'000**	RO'000
Insurance expense	-	10
Purchase of property and equipment	-	1,900
Remuneration and meeting attendance fees income	-	7
Directors' sitting fees	**47**	35
Directors' remuneration	**83**	160

(b) The compensation to key management personnel for the year comprises:

	Group		**Parent Company**	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Short term employment benefits	**170**	677	**170**	341
End of service benefits	**7**	27	**7**	12
Directors' sitting fees paid (note 7)	**47**	52	**47**	35
Directors' remuneration (note 7)	**83**	193	**83**	160
	307	949	**307**	548

The Directors' sitting fees of OMR 46,900 (2017 - RO 34,600) and Directors' remuneration of OMR 82,500 (2017 - RO 160,000) paid by the Parent Company is subject to the approval of the shareholders at the Annual General Meeting.

25 Related party transactions and balances (continued)

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

	Group		Parent Company	
	2018	2017	**2018**	2017
	RO'000	RO'000	**RO'000**	RO'000
Due from related parties (note 16)				
Hormuz Al Anwar Cement SAOC	**171**	-	**171**	-
Al Anwar International investment LLC		-	**3,285**	406
Voltamp Energy SAOG	**-**	273	**-**	273
Al Maha Ceramic Co SAOG	**9**	377	**9**	377
The National Detergent Co SAOG	**-**	-	**-**	-
	180	650	**3,465**	1,056
Due to related parties (note 22)				
Al Anwar Development LLC	**-**	-	**466**	466
Al Anwar Hospitality SAOC	**-**	-	**269**	-
	-	-	**735**	466

26 Financial and insurance risk management

(a) Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognises the critical importance of having efficient and effective risk management systems in place.

(b) Financial risks

The Group's principal financial instruments are listed and unlisted investments, other receivables and cash and cash equivalents. The main risks arising from the Group's financial instruments are:

(i) Credit risk;
(ii) Liquidity risk; and
(iii) Market risk
- Exchange rate risk;
- Interest rate risk; and
- Price risk.

The Group reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

For all classes of financial assets held by the Group, the maximum credit risk exposure to the Group is the carrying value as disclosed in these financial statements at the reporting date.

26 Financial and insurance risk management

(b) Financial risks (continued)

(i) Credit risk (continued)

The table below shows the short-term rating of the banks with which the Group and the Parent Company places funds as published by Moody's Investors Services:

		Group		Parent Company	
		2018	2017	**2018**	2017
	Rating	**RO'000**	RO'000	**RO'000**	RO'000
Bank balances	P-1	**378**	357	**209**	357
Bank balances	P-2	**4**	9	**3**	7
Bank balances	P-3	**2**	1	**1**	1
Bank balances	Unrated	**-**	2	**-**	2
		384	369	**213**	367

The maximum exposure to credit risk at the reporting date by type is shown as below:

	2018	2017
	RO'000	RO'000
Group		
Trade and other receivables (excluding prepayments)	**14,617**	2,270
Bank balances	**384**	369
	15,001	2,639

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on a weekly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual obligations. Repayments for which are subject to notice, are treated as if notice were to be given immediately.

Group	**Over 1 year**	**Up to 1 year**	**Total**
2018	**RO'000**	**RO'000**	**RO'000**
Bank borrowings	**6,030**	**10,714**	**16,744**
Trade and other payables	**-**	**231**	**231**
	6,030	**10,945**	**16,975**

Group	Over 1 year	Up to 1 year	Total
2017	RO'000	RO'000	RO'000
Bank borrowings	7,544	6,772	14,316
Trade and other payables	-	251	251
	7,544	7,023	14,567

26 Financial and insurance risk management

(b) Financial risks (continued)

(ii) Liquidity risk (continued)

Parent Company 2018	**Over 1 year RO'000**	**Up to 1 year RO'000**	**Total RO'000**
Bank borrowings	**6,030**	**10,714**	**16,744**
Trade and other payables	**-**	**966**	**966**
	6,030	**11,680**	**11,710**

Parent Company 2017	Over 1 year RO'000	Up to 1 year RO'000	Total RO'000
Bank borrowings	7,544	6,772	14,316
Trade and other payables	-	717	717
	7,544	7,489	15,033

The maturity profiles of Group's and Parent Company's financial assets are given below:

Group 2018	**Within 1 year RO'000**	**1-5 years RO'000**	**Non fixed maturity RO'000**	**Total RO'000**
Available-for-sale financial assets	**-**	**-**	**6,282**	**6,282**
Financial assets at fair value through profit or loss	**149**	**-**	**8,077**	**8,226**
Trade and other receivables (excluding prepayments)	**14,617**	**-**	**-**	**14,617**
Cash and bank balances	**384**	**-**	**-**	**384**
	15,149	**-**	**14,359**	**29,509**

Group 2017	Within 1 year RO'000	1-5 years RO'000	Non fixed maturity RO'000	Total RO'000
Available-for-sale financial assets	-	-	20,197	20,197
Financial assets at fair value through profit or loss	787	-	15,630	16,417
Trade and other receivables (excluding prepayments)	2,270	-	-	2,270
Cash and bank balances	369	-	-	369
	3,426	-	35,827	39,253

Parent Company 2018	**Within 1 year RO'000**	**1-5 years RO'000**	**Non fixed maturity RO'000**	**Total RO'000**
Available-for-sale financial assets	**-**	**-**	**6,273**	**6,273**
Financial assets at fair value through profit or loss	**149**	**-**	**3,577**	**3,726**
Trade and other receivables (excluding prepayments)	**14,617**	**-**	**-**	**14,617**
Cash and bank balances	**214**	**-**	**-**	**214**
	14,980	**-**	**9,850**	**24,830**

26 Financial and insurance risk management

(b) Financial risks (continued)

(ii) Liquidity risk (continued)

Parent Company 2017	Within 1 year RO'000	1-5 years RO'000	Non fixed maturity RO'000	Total RO'000
Available-for-sale financial assets	-	-	20,197	20,197
Financial assets at fair value through profit or loss	787	-	13,857	14,644
Trade and other receivables (excluding prepayments)	2,627	-	-	2,627
Cash and bank balances	367	-	-	367
	3,781	-	34,054	37,835

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, the Group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

Exchange rate risk
Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at reporting date, the Group is not exposed to any significant exchange rate risk, as the exchange rate for USD is pegged to Rial Omani.

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on its interest bearing securities.

At 31 March 2018, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, profit for the year would have been lower/higher by RO 83 thousands (2017- RO 72 thousands).

Price risk
Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments.

As at reporting date, the Group has no significant concentration of price risk.

A 10% change in fair value of the Group's quoted available-for-sale financial assets would have impact on equity of approximately RO 628 thousand (2017 - RO 1,511 thousand). A 10% change in fair value of Parent Company's quoted available-for-sale financial assets would have impact on equity of approximately RO 627 thousand (2017 – RO 1,367 thousand).

26 Financial and insurance risk management

(b) Financial risks (continued)

Price risk (continued)
A 10% change in fair value of the Group's quoted financial assets at fair value through profit or loss would have impact on profit before taxation of approximately RO 823 thousand (2017 - RO 1,593 thousand). A 10% change in fair value of the Parent Company's quoted financial assets at fair value through profit or loss would have impact on profit before taxation of approximately RO 373 thousand (2017 - RO 1,184 thousand).

Fair value estimation

The table below analyses financial instruments that are measured subsequent to initial recognition at fair value, by valuation techniques. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data.

Group	**Level 1 RO'000**	**Level 2 RO'000**	**Level 3 RO'000**	**Total RO'000**
2018				
Available-for-sale financial assets	**-**	**-**	**6,282**	**6,282**
Financial assets at fair value through profit or loss	**7,805**	**-**	**421**	**8,226**
	7,805	**-**	**6,703**	**14,508**

Group	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
2017				
Available-for-sale financial assets	20,197	-	-	20,197
Financial assets at fair value through profit or loss	15,988	-	429	16,417
	36,185	-	429	36,614

Parent Company	**Level 1 RO'000**	**Level 2 RO'000**	**Level 3 RO'000**	**Total RO'000**
2018				
Available-for-sale financial assets	**-**	**-**	**6,273**	**6,273**
Financial assets at fair value through profit or loss	**3,305**	**-**	**421**	**3,726**
	3,305	**-**	**6,694**	**9,999**

Parent Company	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
2017				
Available-for-sale financial assets	20,197	-	-	20,197
Financial assets at fair value through profit or loss	14,215	-	429	14,644
	34,412	-	429	34,841

Level 3 investments are investments in shares of unquoted companies and one thinly traded security. The management values the investment using a discounted cashflow method.

27 Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks.

The Group has detailed systems and procedures manuals with effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and assessment processes etc. with a compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

28 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 2017.

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds and borrowings. The capital requirements are routinely forecast on a periodic basis, and assessed against both the forecast available capital and the expected internal rate of return including risk and sensitivity analyses. The process is ultimately subject to approval by the Board of Directors.

The Group has no significant changes in its policies and processes to its capital structure during the year from previous year.

29 Financial assets by category

The accounting policies for financial assets have been applied to the line items below:

Group 2018	**Loans and receivables RO'000**	**Financial assets at fair value through profit or loss RO'000**	**Available-for-sale financial assets RO'000**	**Total RO'000**
Available-for-sale financial assets	**-**	**-**	**6,282**	**6,282**
Financial assets at fair value through	**-**	**8,226**	**-**	**8,226**
Trade and other receivables (excluding prepayments)	**14,617**	**-**	**-**	**14,617**
Cash and bank balances	**384**	**-**	**-**	**384**
	15,001	**8,226**	**6,282**	**29,509**

Group 2017	Loans and receivables RO'000	Financial assets at fair value through profit or loss RO'000	Available-for-sale financial assets RO'000	Total RO'000
Available-for-sale financial assets	-	-	20,197	20,197
Financial assets at fair value through profit or loss	-	16,417	-	16,417
Trade and other receivables	2,270	-	-	2,270
Cash and bank balances	369	-	-	369
	2,639	16,417	20,197	39,253

Parent Company 2018	**Loans and receivables RO'000**	**Financial assets at fair value through profit or loss RO'000**	**Available-for-sale financial assets RO'000**	**Total RO'000**
Available-for-sale financial assets	**-**	**-**	**6,273**	**6,273**
Financial assets at fair value through	**-**	**3,726**	**-**	**3,726**
Trade and other receivables (excluding prepayments)	**17,866**	**-**	**-**	**17,866**
Cash and bank balances	**214**	**-**	**-**	**214**
	18,080	**3,726**	**6,273**	**28,079**

29 Financial assets by category (continued)

Parent Company 2017	Loans and receivables RO'000	Financial assets at fair value through profit or loss RO'000	Available-for-sale financial assets RO'000	Total RO'000
Available-for-sale financial assets	-	-	20,197	20,197
Financial assets at fair value through profit or loss	-	14,644	-	14,644
Trade and other receivables (excluding prepayments)	2,627	-	-	2,627
Cash and bank balances	367	-	-	367
	2,994	14,644	20,197	37,835

30 Operating segments

The Group has one operating segment in the current year as compared to two operating segments in the prior year, namely; general insurance and life insurance. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the general manager reviews internal management reports on at least monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net insurance income, as included in the internal management reports that are reviewed by the general manager. Inter-segment pricing is determined on an arm's length basis.

Group 2017	General insurance RO'000	Life insurance RO'000	Total RO'000
Insurance revenue (net of reinsurance)	2,837	995	3,832
Insurance cost (net of reinsurance)	(1,714)	(323)	(2,037)
Segment underwriting results	1,123	672	1,795
Allocated investment and other income	382	(112)	270
Segment expenses	(1,588)	(272)	(1,860)
Segment profit	(83)	288	205
Unallocated expenses (primarily investments)			(1,965)
Unallocated investment and other income (primarily investments)			8,567
Profit before taxation			6,807
Less: taxation			(107)
Net profit for the year			6,700
Unallocated assets			52,306
Unallocated liabilities			14,654

Geographical segment

The Group operates solely in the Sultanate of Oman.