almadina investment holding (S.A.O.G)
المدينة للإستثمار القابضة (ش.م.ع.ع)

Management discussion and analysis report

Overview

Al Madina Investment Holding Company SAOG (the parent company) was established as an Omani public joint stock company in 1996. The company's shares are listed and traded on the Muscat Stock Exchange. The company includes a large base of shareholders along with the participation of individuals and institutions from the Sultanate of Oman and other Gulf Cooperation Council countries.

The main activity of the company is establishing or participating in the establishment of projects in various economic sectors. The main objective of the company is to be a long-term strategic investor and to participate in the development of the activity and therefore add value to the companies in which it invests. The company represents the boards and various committees in the companies it invests in. The company's investments are centered in the Sultanate of Oman, and most of them are in the financial and services sector.

Local Economic Vision

The budget aims to enhance financial, economic and social stability through continuing economic diversification policies, creating job opportunities, improving credit ratings, promoting digital transformation in addition to maintaining the sustainability of spending on basic services, as a result of the wise measures taken by the government.

The Omani economy continued its outstanding performance during 2024 as a result of the progress in achieving the goals of Oman Vision 2040, as the increase in oil production along with investment in various non-oil sectors contributed to enhancing the growth of non-oil revenues.

With the great financial stability achieved by reducing public debt and increasing and strengthening government spending, according to the results announced by the Ministry of Finance, the state's general budget has achieved a fiscal surplus and public revenues have risen to more than 15%. , which led to an improvement in the credit rating, which rose to the degree of investment worthiness according to the latest rating of Standard & Poor's, along with the increase

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in net sovereign foreign assets, and this will undoubtedly reflect positively on the economic situation in the Sultanate.

Standard & Poor's expects GDP growth of around 2% per year from 2024 to 2027 due to an increase in average oil production until 2027, which in turn will stimulate the growth of non-oil sectors by 2%.

Industry structure and development

The company has a diversified investment portfolio and therefore does not depend on the performance of a particular company or an economic sector per se. The investment portfolio currently consists mostly of diversified ownership rights across different economic sectors, of which Omani companies represent the predominant part.

Subsidiaries

Al Madina Business Center LLC is one of the subsidiaries of the parent company, which rents offices for companies and individuals and is located in Muscat Grand Mall. During this year, business center maintained its revenue level, as it has recorded revenues of RO 144,000 compared to the amount of RO 135,000 last year, and the company will continue the development plan for the business center and work to increase returns during the coming period.

Gulf Brand Trading Company SAOC is one of the subsidiaries of the parent company. During the upcoming period, the liquidation works for this company will be carried out as a result of the accumulated losses secondary to the Corona pandemic and the closure of restaurants.

Al Mithaq Al Raida Trading Company LLC is one of the subsidiaries of the parent company and it works in the field of health. Since the company has stopped practicing its activities during the past years and due to the accumulation of losses, secondary to the Corona pandemic, some medical devices have been sold to reduce losses. During the coming period, the Board of Directors will sell the rest of the medical devices due to their obsolescence and because they do not fit the specifications of the Ministry of Health at the present time in a way that is appropriate for the benefit of shareholders.

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Financial and operational performance

The consolidated financial statements include the results of the parent company and its subsidiaries (together referred to as the Group). The financial statements of the parent company and the group have been presented in accordance with international accounting standards.

Income list

The Group

The Group recorded a net loss of RO 308,721 compared to a net loss of RO 1,547,770 last year.

The realized income amounted to 762,956 OMR, an increase of 32.7%, compared to 574,986 OMR in the previous year.

The company's share in the profits of the associate companies was recorded to RO 473,816 compared to losses of RO 333,092 last year, and the basic loss per share amounted to 4 baizas compared to a loss of 18 baizas last year.

The Parent company

The parent company recorded a net loss of RO 308,721 compared to a net loss of RO 1,547,770 last year.

The realized income increased by 36% to reach 667,881 OMR compared to 490,244 OMR in the previous year.

The company maintained the level of expenses in general with a slight increase, reaching 194,754 Omani riyals compared to 189,310 Omani riyals last year. Interest costs also decreased to OMR 651,639 compared to OMR 656,551 the previous year due to loan repayments with the bank. Staff costs increased slightly to OMR 112,422 compared to OMR 106,323 the previous year. General and administrative expenses also increased by 6% compared to last year, while operating expenses decreased by 12% during the year compared to the previous year.

The change in the fair value of financial assets through the income statement increased by 0.6% from last year to record a loss of RO 586,944 compared to a loss of RO 583,466 in the previous year.

The company recorded a change in the fair value of real estate investments, a profit of RO 63,802 compared to losses of 252,500 Omani riyals for last year and recorded a basic loss of 4 Baizas per share compared to a profit per share of 18 Baizas in the previous year.

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Statement of financial position

The Group

The Group's capital base was recorded at RO 7,405,049 (compared to RO 7,752,030 in the previous year) and the asset base decreased to reach RO 19,253,363 compared to RO 19,895,046 last year.

Parent company

The Group's capital base was recorded at RO 7,405,049 (compared to RO 7,752,030 in the previous year) and the asset base decreased to reach RO 19,191,299 compared to RO 19,896,922 last year.

Investment Portfolio and Investment Strategy

The investment portfolio is diversified in various sectors of activity, most of which are in stocks or are stock-related. The company's investment strategy is long-term. The company has built a

portfolio of core long-term strategic investments in the services sector with good potential while focusing on the real estate sector as well.

The following is a summary of the large real estate investments made by Al-Madina Investment Holding Company:

The company has acquired about 9.6% of the paid-up capital of Tilal Development Company SAOC as a long-term strategic investment. Tilal Development Company is the founder of Tilal Complex, which represents a unique multi-use project located in the Al Khuwair area under the name "Muscat Grand Mall". The paid-up capital of Tilal Development Company is 18 million Omani Riyals and the net assets amounted to 29 million Omani Rials as of December 31, 2024.

Al-Madina Real Estate Company SAOC is the largest investment of Al-Madina Investment Holding Company in the real estate sector, in which it is considered to be a direct founding shareholder with about 18% of the capital of Al-Madina Real Estate Company. The paid-up capital and net assets of Al-Madina Real Estate Company amounted to RO 20 million and RO 26 million, respectively, as of December 31, 2024. Furthermore, Al-Madina Real Estate Company is considered to be one of the major founders of Tilal Development Company and owns 24% of its ownership rights. It also owns a group of projects, including a five-star hotel project in the heart of the capital near the Tilal project in which it owns a 35% stake and Al-Sahel neighborhood project was also launched, in which it owns a 50% stake. In addition, the company plans to focus on providing development services for projects that can be owned by others.

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Accounting policies

The accounting policies of the parent company and the group are in accordance with the International Financial Reporting Standards. The parent company and the Group follow a cautious, prudent and constant approach to accounting and in reporting its financial assets. The investments are listed at values equal to their percentage of net equity in the investee company. The parent company's investments in subsidiaries and associate companies are also listed at values equal to their percentage of net equity in these companies.

Internal Control

The Board of Directors has established an effective internal control system in the company that achieves reasonable assurance of the efficiency and effectiveness of operations, examination and balance with regard to internal financial control and follow-up of compliance with regulations and laws. The internal control system is regularly monitored by the Board, the Audit Committee, the management team and the internal audit.

In addition, the parent company documents policies, procedures and controls for all operations. The Board also established a management structure in which tasks, responsibilities, and reporting lines were defined. All of these matters are clearly documented for all company employees to follow. The internal audit is carried out by one of the Omani audit institutions.

The company has a well-designed system for reporting to the management and the Board. Furthermore, periodic reports are prepared and revised in order to evaluate performance in light of the budget and the level of performance in previous years. The financial information is prepared using appropriate accounting policies. Additionally, operational procedures and controls are designed to ensure the timely execution of transactions and the protection of assets.

Risks and Fears

In general, any investment carries some risk. We believe that the company's investment portfolio is sufficiently diversified with respect to the economic sectors to reduce the risks associated with any single investment. The company's investment in new projects involves the risk of declining performance, as the performance of those participations may not be implemented as planned.

Expectations

The state budget for 2025 was envisaged, and with the great financial stability achieved by reducing public debt and enhancing government spending, and according to the results announced by the Ministry of Finance, the state's general budget achieved a fiscal surplus

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and public revenues rose to more than 15%, , achieving financial sustainability, enhancing economic activity, accelerating non-oil revenues, improving spending efficiency, and increasing foreign investments, reducing the deficit, reducing public debt, ensuring the stability of the inflation rate, creating sustainable jobs, and implementing economic reform programs.

The Board of Directors believes that 2025 will be an interesting year as the macroeconomic situation improves with oil prices expected to rise above the budget, while global sentiment remains weak with the ongoing war crisis.

Khaled Mohamed Ebeid
Acting CEO

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