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

Chairman's report

For the financial year ending on March 31, 2023

On behalf of the Board of Directors of Al Madina Investment Holding Company SAOG (the "Company" or the "Parent Company"), I am pleased to present the annual report and audited financial statements for the year ending March 31, 2023.

National Economy

The gross domestic product for the year 2022 recorded a remarkable increase compared to last year, according to preliminary data issued by the National Center for Statistics and Information, at a time when the economy continued to benefit from the rise in oil prices and the increase in the volume of non-oil revenues.
It is encouraging that the major international credit rating agencies have recently raised the credit rating of the Sultanate and reviewed the outlook. It is expected that Oman will be able to further improve its credit position and expectations through the implementation of its financial restructuring plan.
The credit rating agencies have stressed upon the importance of continuing financial integration measures in order to overcome any negative effects that might be reflected on financial and economic stability as a result of the rise in oil prices.

The Sultanate of Oman is expected to register- according to the preliminary financial results for 2022- a budget surplus of RO 1.15 billion for the first time since 2013, in contrary to previous expectations of a budget deficit of RO 1.55 billion.
Meanwhile, the Sultanate's budget for 2023 projects total revenues at OMR10.05 billion and projected total public spending at OMR11.35 billion, with a deficit of OMR1.3 billion or approximately 3% of GDP based on an average oil price of $55 per barrel.

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

Company Restructuring

The Board of Directors discussed and approved a study to restructure the company, which began with reducing the company's capital to amortize the accumulated losses until March 31, 2021. The company's activity was changed to the activities of the holding companies and previous investment activities were terminated due to the economic circumstances the region is going through.

Furthermore, in continuation of the restructuring plan, the Board has taken a decision to merge with Shaden Development Company SAOC- one of the subsidiaries of the parent company- which owns a multi-use real estate project in the Al Hail region. This decision was also

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approved by your assembly that was held on December 28, 2021, as well as restructuring Islamic financing with Alizz Islamic Bank on the proposed scheduling plan and granting the company a repayment period starting after two full years to give the company an opportunity to pay some of the obligations incurred during the previous periods.

Company Background Overview

Al Madina Investment Company SAOG has established many successful projects in various fields, including industrial, real estate, agricultural, financial services, and logistic services, in addition to education, banking, finance, food commodities, and a business center. It also resorted to numerous investments in one of the associate companies, Al Madina Real Estate, through establishing malls and hotels with the latest models as well as focusing on tourism and constructing residential apartments, villas, etc. in the Sultanate of Oman.

Furthermore, it has participated in many other projects that had an impact on the Omani economy during a process spanning more than 20 years and some of them were exited after achieving their purpose.

It is noteworthy that the volume of fixed assets of the companies established by the group amounts to RO 789 million, in addition to the companies that have been exited.

Al-Madina Investment Holding Group, Al-Madina Real Estate and its subsidiaries play an important role in the economic value of the Sultanate by attracting foreign investments, establishing commercial entities in various sectors, which contributed and still contributes to creating job opportunities and maximizing the market value of these investments, which indicates the great confidence it enjoys in the regional market.

The group is working to attract more investments to the Sultanate in all economic sectors as the group's companies are following the best practices and implementing corporate governance standards.

Your company has maintained its assets of RO 21 million in March 2023.

The Board always strives to put Al-Madina Investment Holding Company at the highest level and to be one of the best companies.

Financial Overview

Consolidated results

The Group recorded a net loss of RO 780.878 million compared to a net profit of RO 1.067 million last year. The realized income amounted to 511,285 OMR, a decrease of 2%, compared to 522,325 OMR in the previous year.

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The company's share in the profits of the associate companies decreased to RO 71,320, compared to RO 272,542 last year. The basic loss per share amounted to 9 baizas compared to a loss of 13 Baizas in the previous year.

Performance of the parent company

The parent company recorded a net loss of RO 780.878 million compared to a net profit of RO 1.067 million last year).

The realized income achieved from operating decreased by 1% to reach 441,850 OMR compared to 448,448 OMR in the previous year.

Expenses increased in general, reaching 558,776 OMR compared to 358,282 OMR last year, due to banks' expenses on restructuring loans.

Interest costs decreased by 25% to reach RO 489,961 compared to RO 657,243 last year due to the restructuring of loans with the bank.

Staff cost decreased by 15% to RO 101,656 compared to RO 119,017 last year.

In addition, general and administrative expenses decreased by 43% compared to the expenses of last year, and operating expenses decreased by 59% during the year compared to last year.

The change in the fair value of financial assets through the income statement increased by 54% from last year to record a loss of RO 574,551 compared to a loss of RO 373,919 in the previous year.
The company recorded a change in the fair value of real estate investments amounting to RO 359,853 due to the improvement of the real estate market during the period, and recorded a basic loss of 9 Baizas per share compared to a profit per share of 13 Baizas in the previous year.

The company's investment portfolio

The subsidiary companies

• **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, the business center maintained the level of revenues, as it recorded revenues of 133 thousand Omani riyals, compared to revenues of 134 thousand Omani riyals from last year.
The company will proceed with the development plan for the business center and will work to increase the returns during the coming period.

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• **Gulf Marks Trading Company SAOC** is one of the subsidiaries of the parent company and it works in the field of trademarks. 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. The Board of Directors is preparing a study during the upcoming period on the company's situation and the state of the market in the health field. Upon completion of this study, the Board of Directors will take a decision that is appropriate for the interest of the shareholders.

Associate companies

Al-Madina Real Estate Company SAOC

The performance of Al Madina Real Estate Company SAOC was strong during the year 2022 and it is currently executing and managing several projects.

Al Madina Real Estate Company made a profit of RO 393,000, compared to a loss of RO 576,000 for the last year ending in December 2021.

Despite the efforts made to reduce losses and achieve returns for shareholders, the company's retained earnings increased by RO 3.557 million, compared to RO 3.203 million in retained earnings. Furthermore, the company's asset base increased by 2% to reach RO 63.246 million, compared to RO 61.950 million last year.

Distributions

The company has distributed bonus shares of 5% of the company's capital for the financial year ending on March 31, 2022, and since the company's restructuring in 2001 due to fluctuations of the financial markets in the region, the company has maintained a good level of performance.

During those previous periods, the company distributed cash dividends to shareholders with a total percentage of about 105% of its capital at that time, estimated at about RO 4.2 million, in addition to the distribution of bonus shares with a total of 64% of the company's capital at that time, i.e. a total distribution to shareholders amounted to 169% of the company's capital.

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Corporate Governance

The company's annual report will include a detailed corporate governance report audited by the company's auditor.

The company confirms its commitment to the corporate governance charter issued by the Capital Market Authority, and the Board of Directors pledges to implement the best practices of disclosure, transparency and accountability.

Future prospects

We assure the shareholders, as mentioned in the company's corporate governance report and the management and analysis discussion report by the CEO, that the company has effective internal control systems and a strong administrative system that enables it to continue to perform its business. The Board of Directors is also fully aware of its responsibility to prepare the financial statements on a fair basis in accordance with the international accounting standards, the requirements of Commercial Companies Law No. 18/2019 and the requirements of the Capital Market Authority.

Thanks and gratitude

The Board of Directors would like to express its sincere gratitude to His Majesty Sultan Haitham bin Tariq, for his insightful vision towards leading Oman on the path of goodness and growth. We are also pleased to express our sincere appreciation for the prudent management pursued by good governance in light of the renewed renaissance under the patronage of, His Majesty, May God bless him, and the country is proceeding with confident steps towards progress, development and growth. The company continues to support the measures taken by the Sultanate's government in its efforts to preserve the economic situation of the country.

I would also like to extend my sincere thanks and appreciation to all the shareholders for their continuous trust and commitment to the company and to my fellow Board members for their loyalty despite the challenges that we all faced during the year. I would also like to express my sincere thanks and appreciation to the Capital Market Authority, the Ministry of Commerce, Industry and Investment Promotion and other regulatory authorities for their continuous support of the company.

Finally, I would like to thank the company's management and employees for their loyalty and dedication to their work

Said bin Saleh Al Jabri
Chairman

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