DFK INTERNATIONAL

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Independent auditor's report to the shareholders of
Al Madina Investment Holding SAOG

Report on the audit of the consolidated and separate financial statements

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report the separate financial statements of Al Madina Investment Holding SAOG (the "Parent Company") and the consolidated financial statements of the Parent Company and its subsidiaries (together, the "Group") present fairly, in all material respects, the respective financial positions of the Parent Company and the Group as at 31 March 2023, and their respective financial performance and their respective cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The financial statements of the Parent Company and the consolidated financial statements of the Group (together "these financial statements") comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 March 2023;
- the consolidated and separate statements of financial position as at 31 March 2023;
- the consolidated and separate statement of changes in equity for the year then ended.
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

Basis for Qualified Opinion

The management had not determined the allowance for expected credit losses related to due from related parties amounting to RO. 1,549,180 in accordance with the requirements of IFRS 9. We were unable to determine the adjustments required had an allowance for expected credit losses been determined in accordance with the ECL model as required under IFRS 9.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of these financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters

- Impairment of investment in associates (Group and Parent Company) and subsidiaries (Parent Company)
- Fair valuation of investment properties (Group and Parent Company)
- Investments at fair value through profit and loss (Group and Parent Company)
- Inventory of real estate properties (Group and Parent Company)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in these financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on these financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which the Group and the Parent Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these financial statements of the current period. These matters were addressed in the context of our audit of these financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material uncertainty related to going concern section, we have determined the matters described below to be communicated in our report.

Key audit matter	How our audit addressed the Key audit matter
Impairment of investment in associates (Group and Parent Company) At 31 March 2023, the carrying amount of investment in associates in the Group's consolidated statement of financial position was RO 6.52 million and, in the Parent Company's separate statement of financial position, the carrying amount was RO 6.52 million. The directors assess the carrying amount of investment in associates for impairment by applying the relevant requirements of the International Financial Reporting Standards (IFRS) and by reference to the net assets values of the underlying entities at the end of the reporting period since the investee companies substantially measure their assets at fair value. We identified investments in associates as a key audit matter because the carrying value of investment in associates is material to the Group's and the Parent Company's consolidated and separate financial statements, respectively. Further, the directors exercise judgement relating to the impairment indicators existing at the reporting date and in determining the recoverable amount of these investments by reference to the net asset values of these investee companies. Information on the accounting policy, significant accounting estimates and judgements is included in notes 2.6 and 2.2 (e) to these financial statements, respectively. Refer also to note 7(b) for details of investments in associates.	We performed the following procedures in relation to the carrying amounts of investment in associates and subsidiaries: • Read the Group's and the Parent Company's impairment accounting policy to test consistency with the requirements of IFRS. • For a sample of investee companies we traced the net book values of the investments in associates from the equity accounting workings for the Group's and Parent Company's consolidated and separate financial statements to the respective investee companies' latest available audited financial statements. • Assessed the adequacy of the disclosures in these financial statements.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Fair valuation of investment properties (Group and Parent Company) At 31 March 2023, investment properties in the Group's consolidated and parent's statement of financial position amounted to RO 5.08 million. We identified fair valuation of investment properties as a key audit matter because the amounts are material to these financial statements and the directors, with the assistance of an independent external valuer, make significant judgements and assumptions to determine the fair values of the investment properties. The accounting policy and significant accounting estimates and judgements set out in notes 2.11 and 2.2 (c), 3.3(b) to these financial statements respectively. Refer also to note 9 for details of investment properties.	We performed the following procedures in relation to fair valuation of investment properties: • Read the Group's and the Parent Company's accounting policy for investment properties to test consistency with the requirements of IFRS. • Obtained the valuation reports prepared by the independent external valuer and evaluated the competence, objectivity and independence of the independent external valuer. • Assessed the adequacy of the disclosures in these financial statements.

Key audit matter	How our audit addressed the Key audit matter
Inventory of real estate properties (Group and Parent Company) At 31 March 2023, inventory of real estate properties in the Group's consolidated and parent's statement of financial position amounted to RO 1.83 million. Inventories comprise of developed real estate property stock. We identified inventory of real estate properties as a key audit matter because the amounts are material to these financial statements. Assessing the net realizable value of inventory is an area of significant judgement, in particular the estimation of provision for slow moving stock and obsolete inventories which is a critical accounting estimate and judgement. The impairment analysis includes significant judgement to be exercised and involves high degree of estimation uncertainty. Due to significant judgement involved, this was a key audit matter.	We performed the following procedures in relation to fair valuation of investment properties: • Read the Group's and the Parent Company's accounting policy for inventory of real estate properties to test consistency with the requirements of IFRS. • Obtained the valuation reports prepared by the independent external valuer and evaluated the competence, objectivity and independence of the independent external valuer, as well as evaluated the assumptions and judgements applied by management in determining the adequacy of provision. • Assessed the adequacy of the disclosures in these financial statements.

Our audit approach (continued)

Key audit matters (continued)

Information on the accounting policy and significant accounting estimates and judgements are included in notes 2.21 and 2.2(d) to these financial statements respectively. Refer also to note 8 for details of investment properties.

Key audit matter	How our audit addressed the Key audit matter
Investments at fair value through profit or loss (Group and Parent Company) At 31 March 2023, Investments at fair value through profit or loss in the Group's and parent's separate consolidated statement of financial position amounted to RO 5.50 million. We identified Investments at fair value through profit or loss as a key audit matter because the amounts are material to these financial statements. The directors determine the fair values of the unquoted investments using net asset value of the investee companies based on the investee's financial statements when the investee's underlying assets are measured at fair value. Information on the accounting policy and significant accounting estimates and judgements are included in notes 3.3 (a) to these financial statements respectively. Refer also to note 7 (c) for details of Investments at fair value through profit or loss.	We performed the following procedures in relation to fair valuation of Investments at fair value through profit and loss: • Read the Group's and the Parent Company's accounting policy for inventory of real estate properties to test consistency with the requirements of IFRS. • Obtained the investees financial statements to determine the fair values of the unquoted investments using net asset value of the investee companies. • Obtained Muscat clearing depository portfolio statement in order to verify the accuracy of holdings. • Assessed the adequacy of the disclosures in these financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Report, Report of Corporate Governance and Management Discussion and Analysis Report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Group's Annual Report, which is expected to be made available to us after that date.

Our opinion on these financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of these financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with these financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Other information (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for these financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the Parent Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company and the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of these financial statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's and/or Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's and/or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company and/or Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of these financial statements (continued)

- Evaluate the overall presentation, structure and content of these financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Parent Company to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of these financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, we report that these financial statements have been prepared and comply, in all material respects, with those requirements and provisions.

Ibn Hyan Chartered Accountants
Muscat, Sultanate of Oman

27 May 2023

(S.Gomathi Sankaran)

Authorized Signatory