Chairman's report

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, 2024.

National Economy

The Sultanate of Oman has succeeded in converting the estimated budget deficit of 1.3 billion Omani Riyals (OMR) in 2023 into a surplus of 931 million OMR. Moreover, total revenues have increased to 11.01 billion OMR for the year 2024 compared to a budget amounting to 10.05 billion OMR for the year 2023, which constitutes an increase by 9.6%, this is attributed to the budgeted price of oil, which reached $60 per barrel, compared to $55 per barrel in 2023. The Sultanate also succeeded in reducing the public debt significantly from 17.6 billion Omani riyals to 15.2 billion OMR by paying approximately 2.4 billion OMR which contributed to saving 140 million OMR in the costs of servicing the public debt, and this would reflect positively on all aspects of development in the Sultanate.

The government seeks to enhance the efficiency of financial affairs management through a number of initiatives for development and spending on investments, as 3.9 billion OMR have been allocated for the year 2024, in addition to the initiatives of the public-private sector partnership program, the partnership program for development and others. These initiatives come to achieve financial balance on the long term.

Regarding the Omani economy, it is expected to grow by 2.7% in 2024 compared to 1.3% in 2023, this is attributed to increased oil prices, growth in the non-oil sector and support provided by the economic diversification plans pursued by the government.

Oman has received a significant positive evaluation from international credit rating agencies in the fourth quarter of 2023, as Standard & Poor's raised the long-term credit rating of the Sultanate of Oman from "BB" to "BB+" along with stable future expectations. Furthermore, Standard & Poor's expects growth of the gross domestic product (GDP) at an accelerated rate of 2% annually until 2026, which reveals a positive path for the performance of the Omani economy.

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Company Background Overview

Al Madina Investment Company SAOG has established many successful projects in various fields, including industrial, real estate, agricultural, financial and logistic services, in addition to the field of education, banking, finance, food commodities and a business center. It has 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. It has also 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.

Al-Madina Investment Holding Group, Al-Madina Real Estate and its subsidiaries play an important role in the economic value of the Sultanate through 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 that the group enjoys in the regional market.

The group is also 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.

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 1,547,770 compared to a net loss of RO 780,878 last year. The realized income amounted to 574,986 OMR, an increase by 12.5%, compared to 511,285OMR in the previous year.

The company recorded share in the losses of the associate companies to RO 333,092, compared to RO 71,320 last year. The basic loss per share amounted to 18 baizas compared to a loss of 9 Baizas in the previous year.

Performance of the parent company

The parent company recorded a net loss of RO 1,547,770 compared to a net loss of RO 780,878 last year).

The realized income achieved from operating increased by 11% to reach 490,244 OMR compared to 441,850 OMR in the previous year.

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Expenses have decreased in general, reaching 189,309 OMR compared to 558,776 OMR last year

Interest costs increased to reach RO 656,551 compared to RO 489,961 last year due to the restructuring of loans with the bank.

Staff cost increased slightly to reach RO 106,323 compared to RO 101,656 last year.

In addition, general and administrative expenses decreased by 86% compared to the expenses of last year, and operating expenses increased by 21% during the year compared to last year.

The change in the fair value of financial assets has increased through the income statement by 1.5% from last year to record a loss of RO 583,466 compared to a loss of RO 574,551 in the previous year.
The company recorded a change in the fair value of real estate investments loss amounting to RO 252,500 compared to profit of RO 359,853 last year and the basic loss was recorded to reach 18 Baizas per share compared to a profit per share of 9 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 135 thousand Omani riyals, compared to revenues of 133 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.

• **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.

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Associate companies

Al-Madina Real Estate Company SAOC

Al Madina Real Estate Company announced a gross income of RO 3.87 million in December 2023 compared to RO 7.12 million in December 2022 with a decrease rate of 46% and the operative profits have decreased from an amount of RO 1.406 million compared to RO 4.246 million for the year 2022, a decrease rate of 67%.

During the year 2023, Al Madina Real Estate Company recorded a loss from subsidiaries and associate companies amounting to RO 1.801 million, compared to an amount of RO 0.392 million for the year 2022, and a total comprehensive loss of RO 1.538 million compared to an amount of RO 0.115 million. This negative performance is attributed to the losses from subsidiary and associate companies and is mainly due to operating losses after calculating the financing cost, deferred tax liabilities, and evaluation of Muscat Grand Mall properties only, as the business sector is still suffering due to the market decline towards the retail, hospitality and real estate sectors.

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.

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 towards 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.

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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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