

Board of Directors Report

Dear Shareholders,

On my behalf and on behalf of the members of the Board of Directors, I am pleased to welcome you to the Annual General Meeting of the company, I present to you the board's report and audited financial statements of the parent company and the Group for the year ended December 31, 2020.

General Performance for the Parent Company and the Group:

The rapid spread of the Covid-19 pandemic, the sharp drop in oil prices and the general and partial closures of countries on the global and regional economy during the year 2020 had a severe negative impact on all sectors, which led to financial pressures on state government budgets, a contraction in spending, and the stumbling of some private sector companies.

The Muscat Market Index witnessed a negative performance during the year 2020, as the general index decreased by 8.1% since the beginning of the year, as well as many other economic sectors, most notably tourism and hotels, a sharp decline in income, as well as the real estate sector, a decline in performance and occupancy rates during the year. These sectors are the main sectors in which the company invests, as the company's revenues were affected by the decrease during the year 2020

The parent company incurred losses amounting to OMR 606 thousand and the group lost OMR 262 thousand compared to losses of OMR 239 thousand for the parent company and losses of OMR 198 thousand for the group for the year 2019. The losses are mainly due to unrealized losses from the evaluation of the financial investments held through profits. And losses and other comprehensive income, revaluation of investment properties and losses of impairment of investment in the subsidiary company that was exited due to losses.

Tadawul Financial Services Company SAOC faced difficult challenges in its continuity despite providing all possible support to maintain the continuity of this company. However, due to the weak circulation in the local market during the year, the sharp decline in revenues and the accumulation of financial losses, the company was unable to continue its performance. Accordingly, it was agreed to stop the company's activity in the month of 8/2020 to stop the monthly losses drain and the accumulation of financial obligations on the company, Some of the companies operating in the same field exited the market, and the licensing authorities were informed of this and it was recently approved to sell the shares of the shareholders in this company. As a result, impairment losses of RO 448,000 were included in the parent company's financial statements for the year 2020.

The performance of Al Batinah Real Estate Development and Investment LLC and Al Batinah Shipping and Handling Company during the year 2020 compared to the last year 2019 was affected by the decline in the real estate sector in the Sultanate due to the spread of the pandemic and the consequent reduction in the value



of rents and the exemption of affected tenants from rent for some months. It is hoped That the situation improves during the coming period.

The performance of Arab Dental Center was also affected by the partial and general closure and the suspension of activity for some time as a result of precautionary measures. The center's development plan was postponed due to these events, but the center's performance witnessed an improvement in income growth during the fourth quarter of 2020 and the beginning of the current year 2021 .To develop and improve performance and make profits.

During the year, the commercial register was liquidated and canceled for companies that had not been engaged in activity for several years and had no employees, such as Oman Empty Packaging Factory LLC and Habbari Company for Technology and Projects LLC.

The company is currently working on developing its investments in its subsidiaries and providing the necessary support to ensure its continuity and achieve the expected profits from it, as well as to diversify its investments in the local and regional markets and to search for viable investment opportunities.

The summary of the financial statements for the consolidated and parent Company for the year ended 31 December 2020 as following:

Details	Group		Parent Company	
	31 December 2020 OMR	31 December 2019 OMR	31 December 2020 OMR	31 December 2019 OMR
Income	191,407	254,456	136,712	305,216
General expenses, Staff cost and Finance cost	(329,818)	(395,462)	(128,951)	(147,811)
Amortizations of intangible assets	(196,800)	(23,625)	0	0
Unrealized gain from revaluation of property investment	318,000	0	0	0
Impairment losses from investment in subsidiary	0	0	(448,527)	(75,000)
Unrealized fair value Profit/(loss) on financial assets at fair value through profit or loss	(180,704)	(460,864)	(165,544)	(321,870)
Net (loss) before income tax	(197,913)	(625,495)	(606,310)	(239,465)
Income Tax	(63,658)	3,383	0	0
Net (Loss) after tax	(261,571)	(622,112)	(606,310)	(239,465)
Other Comprehensive income	(47,772)	61,488	(50,854)	58,288
Total Comprehensive income	(309,343)	(560,624)	(657,164)	(181,177)
Total Assets	2,620,316	2,987,670	2,493,322	3,035,843
Shareholders' Equity	2,239,583	2,639,311	1,882,111	2,539,275
Basic loss per share	(0.008)	(0.021)	(0.020)	(0.008)
Net assets per share	0.075	0.087	0.063	0.085



Transactions with related parties

In the normal context of the company's operations, it has been some transactions with related parties during the year 2020 show the details of these transactions in the audited financial statements for the year 2020.

Social Responsibility:

Based on the company's responsibility towards supporting local community services, a number of initiatives that meet the needs of the community have been participated in. During the year, training was carried out in exchange for a reward for a number of job seekers in the parent company and its subsidiary companies in the field of accounting, administration, public relations and Dental assistant for periods of no less than 3 Months, some renters affected by the pandemic have been exempt from rent for a period of two months.

Omanisation:

The Company will continue to pursue a policy of appointing Omani qualified employers and trained through appropriate training courses in the Company.

Corporate Governance:

The Board of Directors is committed to the application of the Charter of Corporate Governance issued by the Capital Market Authority and implementation of joint stock companies, taking into account all the provisions and regulations of public shareholding companies and instructions issued by the Capital Market Authority and committed to the utmost standards of transparency in the disclosure of the shareholders, the facility within the company's annual report of the external auditor for the organization and management of the company for the year 2020, as well as self-management discussions and analyzes.

Internal Control:

The Company is committed to applying appropriate to the nature and scale of operations in the company's internal controls, and the company's system of internal and external audit by certified audit office evaluates the internal control systems by raising the periodic reports results of these assessments directly to the Audit Committee, which meets on a regular basis, in addition to the policies The company and its procedures under constant development to further improve the professional performance of the Executive management.

Future outlook:

Expectations indicate that the year 2021 AD will be a year full of challenges and difficulties due to the continuing outbreak of the Corona pandemic and perhaps the return of closures to some regions and commercial activities, instability of oil prices, precautionary measures for travel and tourism, and weak investor appetite for investment in the financial markets and real estate investment sector, but optimism remains present and has strengthened The production of vaccines against the Corona virus on the beginning of the recovery of the economy and the global and regional markets, as well as the positive impact of the improvement of relations between the countries of the Cooperation Council, Global and regional developments will continue to affect the company's investment strategy, and the company maintains a cautious approach in managing its investments, and we always strive to maintain continuity and search for



good investment opportunities in various sectors to achieve diversification in its portfolio and improve performance and growth

Thanks, and gratitude:

On behalf of the Board of Directors and the employees of the company, we would like to extend our sincere best wishes to his Majesty Sultan Haitham Bin Tarik and we will continue to effectively participate in the growth of the Sultanate's economy and to dedicated our efforts to the building of a strong nation under his leadership.

I would like to thank the management team for their sincere efforts and effective management. I would also like to convey my sincere thanks to the shareholders of the Company for the trust in the Company and its Board.

Best regards,

Salah Bin Hilal Al-Mawally

Chairman

