

Management Discussion and Analysis Report

For the year ended December 31, 2020

I am pleased to present to you the annual report on the discussion and analysis of the management for the year ended December 31, 2020 and upon review the following:

Performance during the year 2020:

The year 2020 witnessed successive events and severe challenges as a result of the rapid spread of the COVID-19 pandemic, the sharp drop in oil prices and the general and partial closure of countries, which had a severe negative impact on the economy of all countries and all sectors, which led to financial pressures on government budgets of countries, a contraction in spending, and some of the Private sector companies. All financial markets were negatively affected, including the Muscat market, where it witnessed a negative performance, and the general index decreased by 8.1% since the beginning of the year, and trading decreased by 38% compared to the previous year. Also, many other economic sectors, most notably tourism and hotels, witnessed a sharp decline in income, as well as the real estate sector. In performance and occupancy rates during the year, since these sectors are the main sectors in which the company invests, the company's revenues were affected by the decline 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.

The financial results for the parent & Group:

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

The subsidiaries of the group:

Al Batinah Real Estate Development and Investment LLC

It is one of the companies 100% owned by the parent company, which represents the investment arm of the parent company in the real estate sector. The investment properties of the company have been reassessed with one of the licensed companies and the market value of real estate has decreased by an amount of 182 thousand Omani riyals, and accordingly the company incurred a net loss after tax of OMR 121,000 compared to a net profit of OMR 34,000 for the year 2019, and the company is currently studying some options to diversify sources of income to meet the decline in income from real estate



AL Dari Special Enterprises Company LLC "Arabian Dental Center"

One of the parent company's investments in the health care sector, the centers specialize in providing dental treatment services, the parent company owns 75% in capital, the center achieved losses of 22,000 Omani riyals compared to a loss of 25,000 Omani riyals for the year 2019, and the center's activity was affected by the precautionary measures And the public and partial closures imposed by the Supreme Committee to contain the Corona pandemic, but with the beginning of the recovery and the opening of activities, the center has begun to grow during the fourth quarter, and the performance of the center is continuously monitored, costs structured and the necessary support and facilities for development and improvement of performance to achieve profits are expected to improve during the next year 2021.

Tadawul Financial Services Company SAOC:

This company faced great challenges in continuity during the year 2020 despite providing all possible financial and administrative support to maintain the continuation of this company as its performance was affected by the negative performance witnessed by the MSM and the decline in the general index by 8.1% and a decrease in trading values and volumes by approximately 38% from Last year 2019, investors headed to other markets and other investment alternatives that are less risky and safer, and some companies operating in the same field exited the market during the year, In view of the sharp decline in the company's revenues and the accumulation of monthly financial losses, the company was unable to continue and practice its activity, and accordingly, it was agreed to stop the company's activity in the month 8/2020 to stop the bleeding of the monthly losses and the accumulation of financial obligations on the company, and the licensing authorities were notified of this and it was recently approved. The sale of the shareholders 'shares and the exit from this company. As a result, a decrease in the investment value of 448 thousand Omani riyals has been included in the financial statements of the parent company for the year 2020.

AL Batinah Shipping, handling and customs clearance company LLC:

During the year, the land owned by the company was evaluated for the purpose of investment with one of the licensed professional companies, an increase of 500,000 Omani Rials over the book value, and the company is currently studying the best investment alternatives to invest this land with an area of 45,000 square meters.

Oman Cans Factory LLC and Habari Company for Technology and Projects LLC

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

Other Investments:

Other investments are investments in shares in current and non-current companies that are valued at fair value, classified as follows:



Details	Group		Parent Company	
	2020 OMR	2019 OMR	2020 OMR	2019 OMR
Financial Assets at fair value through other comprehensive income	359,683	386,682	278,999	309,080
Financial Assets at fair value through profit or loss	652,516	822,856	509,908	509,908

Details of the movements of these investments are provided in note 7 and note 9 to the audited consolidated financial statements for the year 2020

The transactions with related parties:

Transactions that are made with the relevant parties, the company has in the normal course of business and in accordance with the terms of the offers made by independent third parties in the open market, has been all transactions made during the fiscal year 2020 by the internal auditor and the Audit Committee and external auditors have been disclosed in detail in the review report.

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.

Risk Management:

Risks of different financial instruments and attributable to the commercial and operational activity such as market risk, credit, interest rate, liquidity, and others have been addressed in detail in Note 40 of the Consolidated Financial Statements. that the risks to the group's company's investee companies, such as the shift in customer preferences and search for other alternatives, increase competition and increase costs and lower profit margins and dividends, these risks represent a source of concern and fears of the parent company as well, and therefore the Group's management constantly review the performance of investee companies to obtain the periodic reports on the operational activity and control risks and policies in place to avoid.

The company's management and internal control system:

The company has prepared organizational structure that clearly defines the competences and responsibilities of team work at the company and the preparation of financial and administrative system, investment and internal regulations and a list of disclosure and dependence of the Board of Directors, the



executive management is fully aware of its responsibilities to shareholders and fulfill this responsibility and confirmation that all the company's operations are managed efficiently and effectively, the Department provides reports regular performance of the Group's business, compared with the estimated budgets approved prior periods to the board of Directors, and was accounting software and operational controls necessary for the completion of operations position as accurate and timely as the financial statements are prepared using appropriate accounting policies of the nature of the company's operations and consistently applied to preserve the company's assets.

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.

Challenges and future vision:

The continuing spread and rapid spread of the Corona virus around the world and the governments' need to impose precautionary measures to contain the pandemic, such as suspending commercial activities, temporary closure of some regions, suspension of travel and tourism, the sharp decline in oil prices and instability, and the new directions of the US administration regarding the trade war with China and oil prices are among the most important challenges and risks facing the year 2021, which will have a significant impact on the performance of global and regional financial markets, and we expect that 2021 will witness some recovery in the economy after the production and distribution of vaccines against the Coronavirus has begun, The improvement in oil prices has begun, and positive expectations, global and regional developments and the availability of financial liquidity will remain the main factors that will affect the company's investment strategy, and the company will also maintain its cautious approach in managing its investments and its endeavor to maintain continuity and search for the best investment opportunities to achieve diversity and improve performance and growth

Thanks, and gratitude:

I would like to extend to the Board of Directors to express thanks and appreciation for their support and wise guidance that will help us in the implementation of a strategy and a plan of the company successfully, and express our thanks for all the shareholders and the banks that we deal with on their confidence in us and their cooperation with us.

Best Regards,

General Manager

