

Management Discussion and Analysis Report**For the year ended December 31, 2021**

I am pleased to present to you the annual report on the discussion and analysis of the management for the year ended December 31, 2021 and upon review the following:

Performance during the year 2021:

The year 2021 witnessed a continuation of severe challenges and the negative impact on the global economy as a whole as a result of the rapid spread of the Corona pandemic and the variables resulting from it during the year, which cast a shadow on all markets, but the world began to open up in the fourth quarter of the year with the spread of vaccination campaigns and the start of companies, governments and individuals adapting to reality the new.

The financial markets of the Gulf countries witnessed good returns and a good rise in indicators. The performance of the Omani market was good, and it rose by 12.9% due to the strong rise in oil prices and the positive view of the Omani economy on the part of international credit institutions, but there are still a number of economic sectors, including the real estate sector. Witnessing a slight improvement in growth and occupancy rates, especially in the second half of 2021, and since these sectors are the main sectors in which the company invests, this was reflected in the company and group's revenues with a slight improvement,

at the company level, the company's performance improved during 2021, as the parent company achieved net comprehensive profit amounting to OMR 172,718 compared to net comprehensive losses amounting to OMR (657,164) for the year 2020 and the group achieved net comprehensive profit after tax amounting to OMR 214,133 compared to net losses after tax amounting to OMR (309,343) for year 2020.

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 2021 compared with year 2020 as following:

	Group	Parent Company
Details		

	2021	2020	2021	2020
	OMR	OMR	OMR	OMR
Income	207,540	191,407	77,949	136,712
General expenses, Staff cost and Finance cost	(215,517)	(329,818)	(118,172)	(128,951)
Amortizations of intangible assets and Expenses related to subsidy company sold.	0	(196,800)	(14,010)	0
Unrealized gain from revaluation of property investment	11,069	318,000	0	0
Impairment losses from investment in subsidiary	0	0	0	(448,527)
Unrealized fair value Profit/(loss) on financial assets at fair value through profit or loss	41,860	(180,704)	55,900	(165,544)
Net (loss) before income tax	44,952	(197,913)	1,667	(606,310)
Income Tax	(4,252)	(63,658)	0	0
Net (Loss) after tax	40,700	(261,571)	1,667	(606,310)
Other Comprehensive income	173,433	(47,772)	171,051	(50,854)
Total Comprehensive income	214,133	(309,343)	172,718	(657,164)
Total Assets	2,681,415	2,620,316	2,233,939	2,493,322
Shareholders' Equity	2,472,963	2,239,583	2,054,829	1,882,111

Basic loss per share	0.001	(0.008)	0.0001	(0.020)
Net assets per share	0.082	0.075	0.068	0.063

Transactions with related parties

In the normal context of the company's operations, it has been some transactions with related parties during the year 2021 show the details of these transactions in the audited financial statements for the year 2021.

The subsidiaries of the group:

Al Batinah Real Estate Development and Investment LLC

It is one of the companies owned by 100% of the parent company, which represents the investment arm of the parent company in the real estate sector. The company achieved a net profit after tax of OMR 34 thousand Omani riyals during the year ended December 31, 2021, compared to a net loss of OMR (121) thousand Omani riyals for the year 2020, and total assets of the company amounted to OMR 820,071 and the net rights of the partners amounted to 804,426 Omani riyals.

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AL Dari Special Enterprises Company LLC "Arabian Dental Center"

The center's performance improved during the year ending December 31, 2021, as revenues increased by approximately 18% compared to the same period in the previous year 2020, and losses decreased by approximately 80% compared to last year, as the center incurred losses of (4,473) Omani riyals compared to a loss of (22,364) riyals Omani for the year 2020, and the center's activity during 2021 was affected by precautionary measures and closures, but with the beginning of recovery and the opening of activities, it is expected that the center's revenues will grow, and the center's performance is constantly monitored, costs are structured and the necessary support is provided for development and improvement of performance to achieve profits.

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AL Batinah Shipping, handling and customs clearance company LLC:

During the year, the issuance of the new Mulkey and the new Kroki of the investment land held by

the company for the purpose of investment and registered in its name was completed and its area is 45,881 square meters for residential and commercial use, and the company is currently studying the best investment opportunities to invest this land.

The audited net profit for the year ending on December 31, 2021 amounted to OMR 11,605, and total assets amounted to RO 972,481 and net partners equity amounted to OMR 884,935. The company is currently engaged in investing in buying and selling shares for the company.

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	
	2021 OMR	2020 OMR	2021 OMR	2020 OMR
Financial Assets at fair value through other comprehensive income	450,950	359,683	450,950	278,999
Financial Assets at fair value through profit or loss	638,341	652,516	519,514	509,908
Total others investments	1,089,291	1,012,199	970,464	788,424

Details of the movements of these investments are provided in note 8 and note 10 to the audited consolidated financial statements for the year 2021.

Projects in progress:

Proceeding from the Board's keenness to diversify and enhance the company's sources of income by finding viable investment opportunities for the company, the Board of Directors approved in November 2021 to establishment a factory for the manufacture of veterinary and agricultural medicines under the name Al-pharabi Company for the manufacture of veterinary and agricultural medicines LLC, by participating in the capital is with one of the specialized companies with

experience in the manufacture of veterinary and agricultural medicines and has more than 350 pharmaceutical products registered in its name and exports its production to a number of countries in Asia, Africa and the Sultanate of Oman, which is Al-pharabi Company for the manufacture of veterinary and agricultural medicines, LLC. in the Syrian, and the project is still in the final negotiation stage between two sides.

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 2021 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 tenants affected by the pandemic have been exempt from rent for a period of two months.

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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:

We expect that the year 2022 will witness more optimism and recovery in the Omani economy and the return of the commercial and tourism movement to normal after the spread of the distribution of vaccines against the Corona virus, and the easing and cancellation of the restrictions of precautionary measures by many countries, the noticeable rise in oil prices, and the change in the credit rating of the Sultanate by international credit institutions. To a positive outlook instead of a stable outlook. Global and regional developments and the availability of financial liquidity will remain the main challenges that will affect the company's investment strategy in the future.

The company will focus all its efforts during the next stage in completing the project under study, in addition to providing support and assistance to the subsidiaries to achieve the target profit. The company will maintain its cautious approach in managing its investments and its quest to maintain continuity and search for the best investment opportunities to achieve diversification, 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