شركة الشرقية للإستثمار
القابضة (ش.م.ع.ع)
A'Sharqiya Investment
Holding Co. (SAOG)

Chairman's Report for the Quarter ended March 31, 2021

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the unaudited consolidated financial statements of A'Sharqiya Investment Holding Company (SAOG) and its subsidiary – Qalhat Real Estate Investments & Services LLC. (QREIS) - for the three month period ended March 31, 2021.

Overview of Operations and Financial Performance-

A summary of the company's operating performance for the three-month period ended March 31, 2021 in comparison to the corresponding period in 2020 and the full year ended 2020 is presented below:

(RO in '000)

Quarter ended March 31, 2021	March 31 2021	March 31 2020	% Increase/ (Decrease)	Full Year ended 2020
Total Operating Income	439	602	(27.1)	1,165
Profit after Tax (PAT)	283	423	(33.1)	529
Other Comprehensive Income/ (loss)	532	(741)	171.8	774
Total comprehensive income/(loss)	815	(317)	356.7	1,303
Total Assets	17,655	15,117	16.8	16,812

It may be noted from above; the company's operations during the three month period ended March 31, 2021 generated an income of RO 438,519 as compared to RO 601,665 during the corresponding period in 2020. Profit before tax recorded a decrease of 32.3% at RO 301,198 as against RO 444,736. The profit after tax arising from the company's operations during this period aggregated to RO 283,126 as compared to RO 423,264 generated during the comparable period in 2020 reflecting a decrease of 33.1%. The decline in operating income and the subsequent decline in net profit was mainly due to lower dividend income from portfolio companies and also lower recorded lease income in comparison to the same period last year.

Other comprehensive income during the period stood at RO 531,574 compared to a loss of RO 740,696 recorded during the comparable period in 2020 driven by substantial increase in fair value of the investments. The total comprehensive income for the period accordingly stood at RO 814,700 as compared to a loss of RO 317,432 during the comparable period in 2020.

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The total assets of the company as at March 31, 2021 was RO 17,648,019 as compared to a RO 15,116,523 as at March 31, 2020, reflecting an increase of 16.7%. The break- up value of the company's equity share works out to Baizas 154 on March 31, 2021 as compared to Baizas 125 on March 31, 2020.

Investment and future Outlook

The global economy is expected to grow 6.0% in 2021 after an estimated decline of 3.3% in 2020 which could have been worse if not for extraordinary policy support by countries around the World. High uncertainty surrounds the global economic outlook, primarily related to the path of the pandemic. Oman is projected to witness a GDP growth of 1.8% in 2021 followed by 7.4% in 2022.

The above IMF projections for economic growth in 2021 has increased by 0.8% compared to its projection in October 2020, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year. Future developments will depend on the path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic; the effectiveness of policy actions to limit persistent economic damage; the evolution of financial conditions and commodity prices; and the adjustment capacity of the economy. The ebb and flow of these drivers and their interaction with country-specific characteristics will determine the pace of the recovery and the extent of medium-term impact across countries.

The outlook for our investee companies will continue to remain challenging and aligned to the speed of the recovery from the pandemic. Though we are confident about the eventual economic recovery with improved availability of vaccines, allowing for gradual return to pre-pandemic level of economic activity, the severity of infections of the new strains of virus leading to further prolonged lockdowns increases uncertainty on the timing of recovery. The Company will continue to add value to its investee companies in the local market with a long-term view, the Company is also focusing on opportunities in other markets in its constant effort to achieve effective diversification of the portfolio.

On behalf of the Board of Directors, I would like to express our sincere gratitude to His Majesty Sultan Haitham bin Tariq for his able leadership of the country during such an unprecedented crisis. I also thank the shareholders for their continued support and for the confidence reposed on the company. My appreciation also goes to the company's management and staff for their contributions and commitment to the company.

(Sd)

Mohammed Ali Mohammed Al Fannah

Chairman

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