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

Chairman's Report for the Quarter ended June 30, 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 six month period ended June 30, 2021.

Overview of Operations and Financial Performance

A summary of the company's operating performance for the six-month period ended June 30, 2021 in comparison to the corresponding period in 2020 and the full year ended 2020 is presented below:

(RO in '000)

Quarter ended June 30, 2020	June 30 2021	June 30 2020	% Increase/ (Decrease)	Full Year ended 2020
Total Operating Income	664	809	(17.9)	1,165
Profit after Tax (PAT)	357	475	(24.9)	529
Net change in Fair Value of FVOCI	2,234	(335)	766.9	774
Total comprehensive income/(loss)	2,591	141	1,744.1	1,303
Total Assets	19,102	15,484	23.4	16,812

It may be noted from above; the company's operations during the six month period ended June 30, 2021 generated an income of RO 664,294 as compared to RO 808,943 during the corresponding period in 2020. Profit before tax decreased by 24.2% at RO 395,723 as against RO 522,365. The profit after tax arising from the company's operations is RO 357,050 as compared to RO 475,495 generated during the comparable period in 2020 - a decrease of 24.9%.

The increase in fair value of the company's investment portfolio under the fair value through other comprehensive income (FVOCI) investments during the period stood at RO 2,234,146 compared to a decrease of RO 334,986 recorded during the comparable period in 2020. The total comprehensive income increased to RO 2,591,196 as compared to RO 140,509 during the comparable period in 2020.

The total assets of the company as at June 30, 2021 was RO 19,102,142 as compared to RO 15,483,637 as at June 30, 2020, reflecting an increase of 23.4%. Net Assets per share is at RO 0.171on June 30, 2021 as compared to Baizas 131 on June 30, 2020.

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Investment and future Outlook

The global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022 as per IMF World Economic Outlook (July 2021). Though there is no change from its April Outlook, the prospects for emerging market and developing economies have been marked down for 2021, especially for Emerging Asia, while the forecast for developing economies has been revised up. It is to be noted that the forecast for 2022 has gone up by 0.5% from the April Outlook mainly on account of revisions in the forecasts for the advanced economies. The revisions reflect the varying effects of the pandemic on the advanced and developing economies and varying degrees of policy support.

Oman is projected to witness a GDP growth of 2.5% in 2021 and expected to average 3.0% in the medium-term. Inflation turned negative in 2020 owing to subdued demand, but it is expected to increase to 3.0% percent in 2021 given the introduction of VAT and recovery in aggregate demand, before declining to about 2.5% over the medium term. The fiscal deficit is projected to improve to 2.4% in 2021 from 19.3% in 2020 driven by increased Oil revenue, and a move to fiscal surplus is predicted over the medium term.

The emergence of COVID-19 variants could prolong the impact of the pandemic on the global outlook and financial conditions, and thus intensify the economic impact on Oman. Volatility in oil prices would have a significant impact on the outlook.

The outlook for our investee companies will continue to remain challenging and aligned to the speed of the recovery from the pandemic, especially in some of the key markets where these companies operate. Though we are confident about the eventual economic recovery in the developing world 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 with a long-term view and also continue its efforts to diversify the portfolio to provide sustainable long-term returns to shareholders.

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 Al Fannah

Chairman

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