## Chairman's Report for the six months ended June 30, 2022

### 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 months ended June 30, 2022.

### Overview of Operations and Financial Performance

A summary of the company's operating performance for the six months ended June 30, 2022 in comparison to the corresponding period in 2021 and the full year ended 2021 is presented below:

(RO in '000)

| Six Months ended June 30, 2022 | 30 June 2022 | 30 June 2021 | % Increase/ (Decrease) | Full Year ended 2021 |
|---|---|---|---|---|
| Total Operating Income | 677 | 664 | 1.9 | 1,150 |
| Profit after Tax (PAT) | 336 | 357 | (5.9) | 531 |
| Other Comprehensive Income/ (loss) | 141 | 2,234 | (93.7) | 1,383 |
| Total comprehensive income/(loss) | 477 | 2,591 | (81.6) | 1,913 |
| Total Assets | 18,626 | 19,104 | (2.5) | 18,659 |

It may be noted from above; the company's operations during the six month period ended June 30, 2022 generated an income of RO 677,052 as compared to RO 664,294 during the corresponding period in 2021. Profit before tax remained flat at RO 392,913 as against RO 395,724. The profit after tax arising from the company's operations during this period aggregated to RO 336,144 as compared to RO 357,051 generated during the comparable period in 2021 reflecting a decrease of 5.9%. The increase in operating income despite a lower recorded lease income is driven by higher investment income compared to the same period last year.

Other comprehensive income during the period stood at RO 140,924 as compared to RO 2,234,146 recorded during the comparable period in 2021. The total comprehensive income for the period accordingly stood at RO 477,068 as compared to RO 2,591,197 during the comparable period in 2021. This is attributable primarily to equity market movement.

The total assets of the company as at June 30, 2022 was RO 18,625,704 as compared to a RO 19,103,533 as at June 30, 2021, reflecting a decrease of 2.5%. The net asset value of the company's share is currently at Baizas 165 on June 30, 2022 as compared to Baizas 171 on June 30, 2021.

## Investment and Future Outlook

The global economy is expected to grow 3.2% in 2022 following a growth of 6.1% in 2021, as per IMF Economic Outlook (July 2022) - this is 0.4% lower than projected in the April outlook. Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while US consumer spending undershot expectations.

While the outlook for some of our investee companies remains challenging, the Company is in the process of reviewing its investment strategy of its core holdings and initiate new opportunities to improve the investment portfolio to weather the challenges by focusing on investments that aim to maximize the risk adjusted returns with a focus on regional and global markets.

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 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.

**Mohammed Ali Mohammed Al Fannah**

**Chairman**