Chairman's Report for the Quarter ended June 30, 2023

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, 2023.

Overview of Operations and Financial Performance

A summary of the company's operating performance for the six month period ended June 30, 2023 in comparison to the corresponding period in 2022 and the full year ended 2022 is presented below:

(RO in '000)

Quarter ended June 30, 2023	June 30 2023	June 30 2022	% Increase/ (Decrease)	Full Year ended 2022
Total Operating Income	628	677	(7.1)	1,167
Profit after Tax (PAT)	253	336	(24.8)	486
Total Assets	17,690	18,626	(5.0)	18,704
Shareholder's Equity	13,949	14,861	(6.1)	14,804

It may be noted from above; the company's operations during the six month period ended June 30, 2023 generated an income of RO 628,823 as compared to RO 677,052 during the corresponding period in 2022. Profit before tax recorded a decrease of 26.5% at RO 288,716 as against RO 392,913. The profit after tax arising from the company's operations during this period aggregated to RO 252,644 as compared to RO 336,144 generated during the comparable period in 2022 reflecting a decrease of 24.8%. The decrease in operating income and the subsequent decrease in Net Profit was due to lower dividend income from portfolio companies and lower lease income recorded in comparison to the same period last year.

The total assets of the company as at June 30, 2023 was RO 17,690,371 as compared to a RO 18,625,704 as at June 30, 2022, reflecting a decrease of 5.0%. Shareholder's Equity decreased to RO 13,948,633 from RO 14,861,307 reported in the same period last year. This primarily reflects the marked to market impact of some of the investee companies which faced headwinds in its operation during the course of the year. This is expected to improve in the near future.

As an objective to diversification, the company has invested in a portfolio of bonds and GCC securities which is expected to further enhance its returns in coming years.

The break- up value of the company's equity share works out to Baizas 155 on June 30, 2023 as compared to Baizas 165 on June 30, 2022.

Investment and future Outlook

The global economy is expected to grow 3.0% in 2023 after an estimated increase of 3.5% in 2022, as per IMF Economic Outlook (July 2023). Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 but underlying (core) inflation is likely to decline more slowly. Oman is projected to witness a GDP growth of 1.7% in 2023 followed by 5.2% in 2024.

The above IMF projections for economic growth in 2023 have slightly increased since the outlook in April despite record high interest rates as central banks around the World prioritize fight against inflation. The strong action by authorities to contain turbulence in US and Swiss banking reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook.

The Company will continue to add value to its investee companies in the local market with a long-term view. The Company is also constantly diversifying the investments across markets and asset classes.

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.

Mohammed Ali Mohammed Al Fannah

Chairman