
Chairman's Report for the Quarter ended September 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 nine month period ended September 30, 2023.

Overview of Operations and Financial Performance

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

(RO in '000)

Period ended September 30, 2023	Sep 30 2023	Sep 30 2022	% Increase/ (Decrease)	Full Year ended 2022
Total Operating Income	817	854	(4.3)	1,167
Profit after Tax (PAT)	235	356	(33.8)	486
Total Assets	16,894	18,670	(9.5)	18,704
Shareholder's Equity	13,070	14,859	(12.0)	14,804

It may be noted from above; the company's operations during the nine month period ended September 30, 2023 generated an income of RO 817,292 as compared to RO 854,322 during the corresponding period in 2022. Profit before tax recorded a decrease of 29.3% at RO 303,746 as against RO 429,892. The profit after tax arising from the company's operations during this period aggregated to RO 235,427 as compared to RO 355,623 generated during the comparable period in 2022 reflecting a decrease of 33.8%. 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 September 30, 2023 was RO 16,894,121 as compared to a RO 18,670,032 as at September 30, 2022, reflecting a decrease of 9.5%. Shareholder's Equity decreased to RO 13,069,538 from RO 14,859,198 reported in the same period last year. This primarily reflects the marked to market impact of some of the investee companies which has been facing operational and regulatory headwinds in their operations during 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 145 on September 30, 2023 as compared to Baizas 165 on September 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 (October 2023). Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.9 percent in 2023 but underlying (core) inflation is likely to decline more gradually. Oman is projected to witness a GDP growth of 1.2% in 2023 followed by 2.7% in 2024.

The above IMF projections for Oman economic growth in 2023 have decreased from 1.7% to 1.2% since the outlook in April. The projection for global growth remain below the historical (2000–19) average of 3.8 percent. Economic activity varies widely by region with emerging and developing economies still falling short of pre pandemic activity.

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 different 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. 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