

Chairman's Report for the Quarter ended June 30, 2024

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, 2024.

Overview of Operations and Financial Performance

A summary of the company's operating performance for the six-month period ended June 30, 2024 in comparison to the corresponding period in 2023 and the full year ended 2023 is presented below:

(RO in '000)

| Quarter ended June 30, 2024 | June 30 2024 | June 30 2023 | % Increase/ (Decrease) | Full Year ended 2023 |
|-----------------------------|-----------------|-----------------|------------------------------|----------------------------|
| Total Operating Income | 693 | 629 | 10.2 | 1,224 |
| Profit after Tax (PAT) | 331 | 253 | 31.2 | 485 |
| Total Assets | 18,681 | 17,690 | 5.6 | 18,477 |
| Shareholder's Equity | 14,948 | 13,949 | 7.2 | 14,614 |

It may be noted from above; the company's operations during the six month period ended June 30, 2024 generated an income of RO 692,905 as compared to RO 628,823 during the corresponding period in 2023. Profit before tax recorded an increase of 27.8% at RO 368,989 as against RO 288,716. The profit after tax arising from the company's operations during this period aggregated to RO 331,410 as compared to RO 252,644 generated during the comparable period in 2023 reflecting an increase of 31.2%. The increase in operating income and Net Profit was due to higher investment income despite lower lease income recorded in comparison to the same period last year.

The total assets of the company as of June 30, 2024 was RO 18,681,104 as compared to a RO 17,690,371 as at June 30, 2023, reflecting an increase of 5.6%. Shareholder's Equity increased 7.2% to RO 14,948,960 from RO 13,948,633 in the same period last year. The break- up value of the company's equity share works out to Baizas 166 on June 30, 2024 as compared to Baizas 155 on June 30, 2023.

Investment and future Outlook

The global economy is expected to grow 3.2% in 2024 and 3.3% in 2025 after increasing 3.2% in 2023, as per IMF World Economic Outlook Update (July 2024). Services price inflation is holding up progress on disinflation, which is complicating monetary policy normalization. Upside risks to inflation have thus increased, raising the prospect of higher-for-even-longer interest rates, in the context of escalating trade tensions and increased policy uncertainty.

The first quarter GDP growth surprised on the upside in many countries compared to the forecasts in the April outlook, mainly spurred by strong exports from Asia, particularly in the technology sector. The above IMF projection for economic growth in 2024 have remained constant since the outlook in April. Although longer-term yields have generally drifted upward, in tandem with the repricing of policy paths, buoyant corporate valuations have kept financial conditions accommodative.

The outlook for our investment portfolio is positive with the Company's increasing diversification into key geographies and other asset classes. The Company will continue to support its investee companies in the local market with a long-term view and focus on opportunities in other markets 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. 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