

**Arabi Group Holding Company K.S.C. (Public) and its  
Subsidiaries  
State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)  
and Independent Auditor's Review Report**  
For the nine month period ended 30 September 2021

**Arabi Group Holding Company K.S.C. (Public) and its Subsidiaries  
State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)  
and Independent Auditor's Review Report**

For the nine month period ended 30 September 2021

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<b>Contents</b>	<b>Pages</b>
Independent Auditor's Report on Review of Interim Condensed Consolidated Financial Information	1-2
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	3
Interim Condensed Consolidated Statement of Income (Unaudited)	4
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	5
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	6
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	7
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	8 - 23



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## The Board of Directors

Arabi Group Holding Company K.S.C. (Public)  
State of Kuwait

## Independent Auditor's Report on Review of Interim Condensed Consolidated Financial Information

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arabi Group Holding Company K.S.C. (Public) (the "Parent Company") and its subsidiaries (together referred to as the "Group") as at 30 September 2021 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of review*

Except for the matter described in the "Basis of Qualified Conclusion paragraph", we conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Basis of Qualified Conclusion*

As at 31 December 2020, the Group's management believes that they had lost its significant influence on Health Assurance Hospitals Company K.P.S.C. ("Dhaman"), previously recorded as investment in associate. Accordingly, the Group's management decided to transfer this investment to be an investment at fair value through other comprehensive income. The Group used an external expert to make the valuation of this investment on the date of losing its significant influence, which had resulted in a gain amounting to KD 24,354,954 that was recognised in the consolidated statement of income for the year ended 31 December 2020. There are lawsuits filed by and against the Group regarding this investment that are still being deliberating before the court (Note 17) which may affect the Group's ownership percentage in such investment along with the accounting treatment of the investment, in addition to other related adjustments on the Group's interim condensed consolidated financial information and consolidated financial statements in this regard. Consequently, we were unable to determine whether there are any obligations and adjustments to the investment in Health Assurance Hospitals Company K.P.S.C. and any other related adjustment since prior year ended 31 December 2020.

### *Qualified Conclusion*

Based on our review, except for the possible effects of the matter described in the "Basis of Qualified Conclusion" paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

### *Emphasis of Matters*

Without qualifying our conclusion, we draw attention to (Note 1.1) and (Note 7), to the interim condensed consolidated financial information, with respect to the rescheduling of the Group's defaulted borrowing. As a result of COVID 19 pandemic effect on the Group's operation and delay in the collection of receivables, and cancelling some revenue contracts by the customers, an amount of KD 44,603,254 is defaulted borrowings as at 30 September 2021. The Group's management stated that they are in the process of rescheduling these amounts with the banks. As a result, the current portion of the borrowings exceeds the non-current portion, which leads to the increase in the current liabilities over the current assets as at 30 September 2021.



**The Board of Directors**

**Arabi Group Holding Company K.S.C. (Public)**  
**State of Kuwait**

**Independent Auditor's Report on Review of Interim Condensed Consolidated Financial Information (Continued)**

*Emphasis of Matters (Continued)*

Without qualifying our conclusion, we draw attention to (Note 17), to the interim condensed consolidated financial information, with respect to the Group's legal cases and its consequential impact on the interim condensed consolidated financial information for the period ended 30 September 2021.

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, except for the matter described in the "Basis of Qualified Conclusion" paragraph above, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies' Law No. 1 of 2016, its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the nine month period ended 30 September 2021 that might have had a material effect on the Parent Company's financial position or its business results.

Furthermore, based on our review, to the best of our knowledge and belief, except for the matter described in the "Basis of Qualified Conclusion" paragraph above, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related Regulations, as amended, have occurred during the nine month period ended 30 September 2021 that might have a material effect on the Parent Company's financial position or its business results.

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**Qais M. Al Nisf**  
**License No. 38 "A"**  
**BDO Al Nisf & Partners**

**Kuwait: 14 November 2021**

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Interim Condensed Consolidated Statement of Financial Position (Unaudited)  
As at 30 September 2021**

		(Audited)	
	30 September 2021	31 December 2020	30 September 2020
	KD	KD	KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	28,711,801	28,496,870	29,151,170
Investment in associates	1	1	66,772,099
Financial assets at fair value through other comprehensive income	97,230,531	97,230,531	5,561,621
Contract retentions	700,131	2,239,429	-
	<u>126,642,464</u>	<u>127,966,831</u>	<u>101,484,890</u>
<b>Current assets</b>			
Inventories	51,338,702	51,013,404	54,594,066
Contract assets	2,603,018	3,185,371	2,606,371
Contract receivables	4 65,171,389	72,212,344	75,668,743
Trade receivables and other debit balances	23,679,154	32,421,331	31,795,956
Due from related parties	5 5,432,541	3,760,144	5,693,726
Financial assets at fair value through profit or loss	4,312	3,889	3,820
Cash and cash equivalents	4,557,603	2,041,175	1,058,270
	<u>152,786,719</u>	<u>164,637,658</u>	<u>171,420,952</u>
<b>Total assets</b>	<u>279,429,183</u>	<u>292,604,489</u>	<u>272,905,842</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	17,296,224	17,296,224	17,296,224
Share premium	7,877,292	7,877,292	7,877,292
Treasury shares	6 (1,480,519)	(1,480,519)	(1,480,519)
Treasury shares reserve	17,230	17,230	17,230
Statutory reserve	554,248	554,248	554,248
Voluntary reserve	324,297	324,297	324,297
Revaluation surplus	8,739,001	8,739,001	8,873,775
Foreign currencies translation adjustments	97,959	124,625	150,793
Fair value reserve from financial assets at fair value through other comprehensive income	875,336	875,336	37,373
Accumulated losses	(6,048,240)	(354,036)	(7,332,202)
<b>Equity attributable to Shareholders of the Parent Company</b>	<u>28,252,828</u>	<u>33,973,698</u>	<u>26,318,511</u>
Non-controlling interests	5,504,063	6,829,106	8,054,350
<b>Total equity</b>	<u>33,756,891</u>	<u>40,802,804</u>	<u>34,372,861</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	7 39,272,661	39,483,993	86,238,747
Lease liabilities	335,893	345,833	394,095
Provision for end of service indemnity	5,029,069	5,380,487	6,236,931
	<u>44,637,623</u>	<u>45,210,313</u>	<u>92,869,773</u>
<b>Current liabilities</b>			
Borrowings	7 116,723,894	114,728,418	44,546,109
Lease liabilities	39,706	39,312	46,070
Due to banks	8 7,936,459	7,974,627	10,384,200
Notes payable	9 9,838,371	11,946,907	28,558,861
Finance lease obligations	45,959	50,605	203,606
Contract liabilities	-	324,746	-
Trade payables and other payables	47,107,739	53,085,148	44,582,926
Due to related parties	5 19,342,541	18,441,609	17,341,436
	<u>201,034,669</u>	<u>206,591,372</u>	<u>145,663,208</u>
<b>Total liabilities</b>	<u>245,672,292</u>	<u>251,801,685</u>	<u>238,532,981</u>
<b>Total liabilities and equity</b>	<u>279,429,183</u>	<u>292,604,489</u>	<u>272,905,842</u>

The accompanying notes on pages 8 to 23 form an integral part of these interim condensed consolidated financial information.

**Tareq Mohammad Al Maoushargi**  
Chairman

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries**  
**State of Kuwait**

**Interim Condensed Consolidated Statement of Income (Unaudited)**  
For the nine month period ended 30 September 2021

	Notes	For the three month period ended 30 September		For the nine month period ended 30 September	
		2021	2020	2021	2020
		KD	KD	KD	KD
Revenue from contracts with customers	10	12,819,686	17,702,968	47,585,392	52,621,382
Cost of revenue		(11,678,596)	(12,896,301)	(39,330,435)	(40,425,472)
<b>Gross profit</b>		<u>1,141,090</u>	<u>4,806,667</u>	<u>8,254,957</u>	<u>12,195,910</u>
Other operating income	10	960,811	113,841	1,499,255	285,974
General and administrative expenses		(2,776,596)	(3,131,845)	(8,115,977)	(7,977,163)
Provision for obsolete and slow-moving inventories		(101,173)	(78,747)	(324,939)	(236,628)
Provision for expected credit losses		(133,624)	(1,330,703)	(2,419,916)	(2,475,375)
<b>(Loss) / profit from operations</b>		<u>(909,492)</u>	<u>379,213</u>	<u>(1,106,620)</u>	<u>1,792,718</u>
Gain on disposal of property, plant and equipment		46,657	6,600	194,626	6,600
Share of results from investment in associates		-	(401,787)	-	(797,415)
Unrealised gain / (loss) from financial assets at fair value through profit or loss		104	(176)	423	(1,123)
Other income	10	99,144	92,714	308,127	388,026
Compensation profit from legal claims		-	1,124,614	-	1,124,614
Finance costs		(1,747,925)	(2,857,212)	(6,419,920)	(6,962,593)
<b>Loss for the period</b>		<u>(2,511,512)</u>	<u>(1,656,034)</u>	<u>(7,023,364)</u>	<u>(4,449,173)</u>
<b>Attributable to:</b>					
Shareholders of the Parent Company		(2,023,035)	(1,416,264)	(5,694,204)	(4,018,055)
Non-controlling interests		(488,477)	(239,770)	(1,329,160)	(431,118)
		<u>(2,511,512)</u>	<u>(1,656,034)</u>	<u>(7,023,364)</u>	<u>(4,449,173)</u>
<b>Basic and diluted loss per share attributable to the Shareholders of the Parent Company (fils)</b>	11	<u>(12.26)</u>	<u>(8.58)</u>	<u>(34.51)</u>	<u>(24.35)</u>

The accompanying notes on pages 8 to 23 form an integral part of these interim condensed consolidated financial information.

**Arabi Group Holding K.S.C. (Public) and its subsidiaries**  
**State of Kuwait**

**Interim condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
For the nine month period ended 30 September 2021

	For the three month period ended		For the nine month period ended	
	30 September		30 September	
	2021	2020	2021	2020
	KD	KD	KD	KD
Loss for the period	(2,511,512)	(1,656,034)	(7,023,364)	(4,449,173)
<b>Other comprehensive income / (loss)</b>				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income</i>				
Change in foreign currencies translation adjustments	6,403	(16,762)	(22,549)	42,075
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of income</i>				
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(275,732)
<b>Other comprehensive income / (loss)</b>	6,403	(16,762)	(22,549)	(233,657)
<b>Total comprehensive loss for the period</b>	<u>(2,505,109)</u>	<u>(1,672,796)</u>	<u>(7,045,913)</u>	<u>(4,682,830)</u>
<b>Attributable to:</b>				
Shareholders of the Parent Company	(2,015,980)	(1,434,056)	(5,720,870)	(4,251,440)
Non-controlling interests	(489,129)	(238,740)	(1,325,043)	(431,390)
	<u>(2,505,109)</u>	<u>(1,672,796)</u>	<u>(7,045,913)</u>	<u>(4,682,830)</u>

The accompanying notes on pages 8 to 23 form an integral part of these interim condensed consolidated financial information.

Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the nine month period ended 30 September 2021

	Equity attributable to Shareholders of the Parent Company												
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Revaluation surplus KD	Foreign currencies translation adjustments KD	Fair value reserve from financial assets at fair value through other comprehensive income KD	Accumulated losses KD	Total KD	Non-controlling interests KD	Total equity KD
<b>Balance as at 1 January 2020</b>	17,296,224	7,877,292	(1,480,519)	17,230	554,248	324,297	8,873,775	108,446	313,105	(3,314,147)	30,569,951	8,485,740	39,055,691
Loss for the period	-	-	-	-	-	-	-	-	-	(4,018,055)	(4,018,055)	(431,118)	(4,449,173)
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	42,347	(275,732)	-	(233,385)	(272)	(233,657)
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	42,347	(275,732)	(4,018,055)	(4,251,440)	(431,390)	(4,682,830)
<b>Balance as at 30 September 2020</b>	17,296,224	7,877,292	(1,480,519)	17,230	554,248	324,297	8,873,775	150,793	37,373	(7,332,202)	26,318,511	8,054,350	34,372,861
<b>Balance as at 1 January 2021</b>	17,296,224	7,877,292	(1,480,519)	17,230	554,248	324,297	8,739,001	124,625	875,336	(354,036)	33,973,698	6,829,106	40,802,804
Loss for the period	-	-	-	-	-	-	-	-	-	(5,694,204)	(5,694,204)	(1,329,160)	(7,023,364)
Other comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(26,666)	-	-	(26,666)	4,117	(22,549)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(26,666)	-	(5,694,204)	(5,720,870)	(1,325,043)	(7,045,913)
<b>Balance as at 30 September 2021</b>	17,296,224	7,877,292	(1,480,519)	17,230	554,248	324,297	8,739,001	97,959	875,336	(6,048,240)	28,252,828	5,504,063	33,756,891

The accompanying notes on pages 8 to 23 form an integral part of these interim condensed consolidated financial information.



**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
For the nine month period ended 30 September 2021

	For the nine month period ended 30 September	
	2021	2020
	KD	KD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	(7,023,364)	(4,449,173)
<i>Adjustments:</i>		
Depreciation	1,130,538	1,803,096
Gain on disposal of property, plant and equipment	(194,626)	(6,600)
Share of results from investment in associates	-	797,415
Unrealised (gain) / loss from financial assets at fair value through profit or loss	(423)	1,123
Provision for obsolete and slow moving inventories	324,939	236,628
Provision for expected credit losses	2,419,916	2,475,375
Provision for end of service indemnity	622,452	736,533
Finance costs	6,419,920	6,962,593
	<u>3,699,352</u>	<u>8,556,990</u>
<i>Changes in operating assets and liabilities:</i>		
Contract retentions	1,539,298	-
Inventories	(650,237)	(1,517,510)
Contract receivables	5,040,955	(8,670,177)
Trade receivables and other debit balances	8,322,261	5,037,840
Due from related parties	(1,672,397)	(1,110,277)
Contract balances	257,607	(1,459,031)
Trade payables and other payables	(7,934,848)	1,428,769
Due to related parties	900,932	1,599,874
<i>Cash generated from operations</i>	<u>9,502,923</u>	<u>3,866,478</u>
Provision for end of service indemnity paid	(973,870)	(390,675)
<b>Net cash flow from operating activities</b>	<u>8,529,053</u>	<u>3,475,803</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,856,246)	(445,531)
Proceeds from disposal of property, plant and equipment	705,403	6,600
<b>Net cash flow used in investing activities</b>	<u>(1,150,843)</u>	<u>(438,931)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	4,362,026	9,380,795
Settlement of borrowings	(2,577,882)	(3,948,193)
Payment of lease liabilities	(9,546)	(34,489)
Net movement of due to banks	(38,168)	181,293
Net movement of notes payable	(2,108,536)	(2,357,826)
Net movement of finance lease obligations	(4,646)	(59,148)
Finance costs paid	(4,462,481)	(6,653,855)
<b>Net cash flow used in financing activities</b>	<u>(4,839,233)</u>	<u>(3,491,423)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	2,538,977	(454,551)
Foreign currencies translation adjustments	(22,549)	42,075
Cash and cash equivalents at the beginning of the period	2,041,175	1,470,746
<b>Cash and cash equivalents at the end of the period</b>	<u>4,557,603</u>	<u>1,058,270</u>

The accompanying notes on pages 8 to 23 form an integral part of these interim condensed consolidated financial information.

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

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**1. INCORPORATION AND ACTIVITIES**

Arabi Group Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (referred to as "the Group") is a Kuwaiti Shareholding Company incorporated on 5 December 1982 and is listed on Boursa Kuwait.

The principal activities of the Parent Company are:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti companies and participating in the establishment of such Companies.
- Participating in the management of Companies in which it owns shares.
- Lending money to Companies in which it owns shares, and guaranteeing third party loans in Companies where it owns 20% or more of the capital of the borrowing Company.
- Owning industrial rights such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other Companies within or outside the State of Kuwait.
- Owning real estate and movable property to conduct its operations.

The registered office of the Parent Company is P.O. Box 4090, Safat, 13041, Kuwait.

This interim condensed consolidated financial information for the nine month period ended 30 September 2021 were authorised for issue by the Board of Directors of the Parent Company on 14 November 2021.

**1.1 Fundamental accounting concept**

As at 30 September 2021, the Group's current liabilities exceeded the current assets by KD 48,247,950 (31 December 2020: KD 41,953,714).

As a result of COVID 19 pandemic effect on the Group's operation and delay in the collection of receivables, and cancelling some revenue contracts by the customers, an amount of KD 44,603,254, is defaulted borrowings as at 30 September 2021 (31 December 2020: KD 26,606,820). The Group is in the process of rescheduling these amounts with the banks. As a result, the current portion of the borrowings exceeds the non-current portion, which leads to the increase in the current liabilities over the current assets.

The Group's management believes that the financial institutions will continue to provide and renew credit facilities.

The Group's management has taken steps to ensure adequate liquidity to settle its obligations on its due dates.

**2. BASIS OF PREPARATION**

This interim condensed consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ("last annual consolidated financial statements").

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

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**2. BASIS OF PREPARATION (CONTINUED)**

The interim condensed consolidated financial information does not include all of the information required for a complete set of IFRSs financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's interim condensed consolidated financial position and performance since the last annual consolidated financial statements.

In the opinion of the management all adjustments (including recurring accruals) have been included in the interim condensed consolidated financial information. The operating results for the nine month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2020.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

**2.1 Changes in significant accounting policies**

**New standards, interpretations and amendments:**

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the financial year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021, which they do not have a material impact on the accompanying interim condensed consolidated financial information.

***Interest Rate Benchmark Reform - phase 2: amendments to IFRS 9, IAS 39, IFRSs (7), (4), and (16)***

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when a RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

**3. BASIS OF CONSOLIDATION**

This interim condensed consolidated financial information for the nine month period ended 30 September 2021 includes the Parent Company and its subsidiaries.

The interim condensed financial information of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any intra-Group balances and transactions, and any realised gains, losses, expenses, income and balances arising from intra-Group transactions, are eliminated in preparing the interim condensed consolidated financial information.

The interim condensed consolidated financial information includes the interim condensed financial information of Arabi Group Holding Company K.S.C. (Public) and its subsidiaries include the following:

Name of the subsidiary	Ownership (%)			Country of incorporation	Principal activities
	(Audited)				
	30 September 2021	31 December 2020	30 September 2020		
	%	%	%		
Arabi Company W.L.L. (*)	100	100	100	State of Kuwait	General trading and contracting
Arabi Engineering and Mechanical Works Company W.L.L.	100	100	100	State of Kuwait	General trading and contracting
Arabi Enertech Company K.S.C. (Closed)	73.08	73.08	73.08	State of Kuwait	General trading and contracting
Daleel International Company W.L.L. (**)	100	100	100	State of Kuwait	IT services
Key BS JLT W.L.L. (**)	100	100	100	United Arab Emirates	IT services

The Group's share in subsidiaries has been recorded based on interim condensed financial information prepared by the management as at 30 September 2021 except for Arabi Company W.L.L. and Arabi Enertech Company K.S.C.(Closed). which are based on reviewed interim condensed consolidated financial information.

(\*) The interim condensed consolidated financial information includes the interim condensed financial information of Arabi Company W.L.L. and its subsidiaries as follows:

Name of the subsidiary	Ownership (%)			Country of incorporation	Principal activities
	(Audited)				
	30 September 2021	31 December 2020	30 September 2020		
	%	%	%		
Gulf Services and Industrial Supplies Company	100	100	100	Oman	General Trading and Contracting
Arabi Company W.L.L. Altec Corporation Limited	100	100	100	Qatar	General Trading and Contracting
Warba Mechanical Equipments L.L.C.	90.03	90.03	90.03	India	General Trading and Contracting
	70	70	70	United Arab Emirates	General Trading and Contracting

(\*\*) The Group has not consolidated these subsidiaries since they are not material to the interim condensed consolidated financial information for the nine month period ended 30 September 2021.

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries**  
**State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

**4. CONTRACT RECEIVABLES**

	<b>30 September 2021</b>	<b>(Audited) 31 December 2020</b>	<b>30 September 2020</b>
	KD	KD	KD
Contract receivables	75,915,748	80,956,703	87,595,161
Provision for excepted credit losses (*)	(10,744,359)	(8,744,359)	(11,926,418)
	<u>65,171,389</u>	<u>72,212,344</u>	<u>75,668,743</u>

(\*) The movement of the provision for excepted credit losses is as follows:

	<b>30 September 2021</b>	<b>(Audited) 31 December 2020</b>	<b>30 September 2020</b>
	KD	KD	KD
Balance at 1 January	8,744,359	9,840,440	9,840,440
Charge during the period / year / period	2,000,000	8,750,367	2,085,978
Write off during the period / year / period	-	(9,846,448)	-
	<u>10,744,359</u>	<u>8,744,359</u>	<u>11,926,418</u>

**5. RELATED PARTIES' DISCLOSURES**

Related parties represent major shareholders, directors and senior management personnel of the Group, and Companies controlled, or significantly influenced by such parties. The pricing policies and conditions for these transactions are approved by the Group's management. The significant related parties' balances and transactions are as follows:

**Balances included in the interim condensed consolidated statement of financial position / consolidated statement of financial position:**

	<b>30 September 2021</b>	<b>(Audited) 31 December 2020</b>	<b>30 September 2020</b>
	KD	KD	KD
Contract receivables	-	-	565,000
Due from related parties	5,432,541	3,760,144	5,693,726
Due to related parties	19,342,541	18,441,609	17,341,436

The amounts due from related parties are non-interest bearing and are receivable on demand.

The amounts due to related parties are non-interest bearing and are payable on demand, except due to shareholders amounting to KD 6,901,323 (31 December 2020: KD 6,544,316 and 30 September 2020: KD 6,641,823) (included in due to related parties), which carries an interest rate of 6.5% (31 December 2020: 6.5% and 30 September 2020: 6.5%) per annum.

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

**5. RELATED PARTIES' DISCLOSURES (CONTINUED)**

**Transactions included in the interim condensed consolidated statement of income:**

	<u>Shareholders</u>	<u>30 September 2021</u>	<u>30 September 2020</u>
	KD	KD	KD
Finance costs	316,007	316,007	308,738

***Key management compensation:***

	<u>30 September 2021</u>	<u>30 September 2020</u>
	KD	KD
Salaries and short-term benefits	171,000	230,250
End of service benefits	26,010	25,904

**6. TREASURY SHARES**

	<u>30 September 2021</u>	<u>(Audited) 31 December 2020</u>	<u>30 September 2020</u>
Number of treasury shares (shares)	7,966,743	7,966,743	7,966,743
Percentage of ownership (%)	4.61%	4.61%	4.61%
Market value (KD)	1,179,078	1,577,415	1,577,415
Cost (KD)	1,480,519	1,480,519	1,480,519

Based on the decision of the Capital Markets Authority, the Parent Company's management has locked off an amount equal to treasury shares balance from share premium as the date of interim condensed consolidated financial information. Such amount will not be available for distribution over the period in which the Parent Company holds treasury shares. Treasury shares are not pledged.

**7. BORROWINGS**

Borrowings represent terms loans and Murabaha payables granted by local and foreign banks at an interest rate ranging from 2.5% to 4% (31 December 2020: from 2.5% to 4% and 30 September 2020: from 2.5% to 4%) over the Central Bank of Kuwait discount rate.

*Collaterals*

Borrowings are secured against the followings collaterals:

- Shareholders personal guarantees,
- Assignment of some contract revenues,
- 43,982,797 of capital shares which is related to major shareholders,
- Guarantees from related parties and subsidiaries Companies,
- Mortgage of the Group's properties,
- Mortgage the entire 26% ownership of Health Assurance Hospital Company K.S.C.P. "Financial assets at fair value through other comprehensive income",
- Short term deposit.

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

**7. BORROWINGS (CONTINUED)**

Presented below maturity profile of borrowings as follows:

	<b>30 September 2021</b>	<b>(Audited) 31 December 2020</b>	<b>30 September 2020</b>
Non-current portion	39,272,661	39,483,993	86,238,747
Current portion	116,723,894	114,728,418	44,546,109
	<u>155,996,555</u>	<u>154,212,411</u>	<u>130,784,856</u>

As at 30 September 2021, the Group has default term loans with principal amounts of KD 43,333,981 (31 December 2020: KD 23,952,039) and its interest payable of KD 1,155,591 (31 December 2020: KD 1,888,187), in addition, the Group has default Murabaha payables of KD 113,682 which represent the principal and its profit payable (31 December 2020: KD 94,383). The Group is in the process of rescheduling these installments.

**8. DUE TO BANKS**

Due to banks represent facilities granted by local banks carrying interest rates ranging from 2.5% to 4% (31 December 2020: from 2.5% to 4% and 30 September 2020: from 2.5% to 4%) over the Central Bank of Kuwait discount rate.

Due to banks are secured against the collaterals described in (Note 7).

**9. NOTES PAYABLE**

This item represents notes payable resulted from commercial transactions, carrying an interest rate ranging from 2.5% to 4% (31 December 2020: from 2.5% to 4% and 30 September 2020: from 2.5% to 4%) over the Central Bank of Kuwait discount rate.

Notes payable are secured against the collaterals described in (Note 7).

Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)  
For the nine month period ended 30 September 2021

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

*Disaggregation of revenue from contracts with customers*

In the following table, revenue from contracts with customers is disaggregated by type of revenue, type of customer, primary geographical market, and timing of revenue recognition.

Segments	For the three month period ended 30 September 2021					For the three month period ended 30 September 2020				
	Oil and gas services KD	Retail KD	Subtotal KD	Other KD	Total KD	Oil and gas services KD	Retail KD	Subtotal KD	Other KD	Total KD
<i>Type of Revenues</i>										
Services and maintenance	2,065,657	-	2,065,657	-	2,065,657	6,405,710	-	6,405,710	-	6,405,710
Constructions	442,300	-	442,300	-	442,300	1,646,215	-	1,646,215	-	1,646,215
Manpower supply	572,915	-	572,915	-	572,915	500,273	-	500,273	-	500,273
Sale of goods	-	9,738,814	9,738,814	-	9,738,814	-	9,150,770	9,150,770	-	9,150,770
Other operating income	-	-	-	960,811	960,811	-	-	-	113,841	113,841
Other income	-	-	-	99,144	99,144	-	-	-	92,714	92,714
	<u>3,080,872</u>	<u>9,738,814</u>	<u>12,819,686</u>	<u>1,059,955</u>	<u>13,879,641</u>	<u>8,552,198</u>	<u>9,150,770</u>	<u>17,702,968</u>	<u>206,555</u>	<u>17,909,523</u>
<i>Type of customer</i>										
Government	3,080,872	-	3,080,872	-	3,080,872	8,451,625	567,928	9,019,553	-	9,019,553
Non-government	-	9,738,814	9,738,814	1,059,955	10,798,769	100,573	8,582,842	8,683,415	206,555	8,889,970
	<u>3,080,872</u>	<u>9,738,814</u>	<u>12,819,686</u>	<u>1,059,955</u>	<u>13,879,641</u>	<u>8,552,198</u>	<u>9,150,770</u>	<u>17,702,968</u>	<u>206,555</u>	<u>17,909,523</u>
<i>Primary geographical markets</i>										
State of Kuwait	3,080,872	8,548,440	11,629,312	1,059,955	12,689,267	8,552,198	6,729,572	15,281,770	206,555	15,488,325
Gulf Cooperation Council Countries	-	1,190,374	1,190,374	-	1,190,374	-	2,421,198	2,421,198	-	2,421,198
	<u>3,080,872</u>	<u>9,738,814</u>	<u>12,819,686</u>	<u>1,059,955</u>	<u>13,879,641</u>	<u>8,552,198</u>	<u>9,150,770</u>	<u>17,702,968</u>	<u>206,555</u>	<u>17,909,523</u>
<i>Timing of revenues recognition</i>										
Services/goods transferred at a point in time	-	9,738,814	9,738,814	1,059,955	10,798,769	-	9,150,770	9,150,770	206,555	9,357,325
Services transferred over time	3,080,872	-	3,080,872	-	3,080,872	8,552,198	-	8,552,198	-	8,552,198
	<u>3,080,872</u>	<u>9,738,814</u>	<u>12,819,686</u>	<u>1,059,955</u>	<u>13,879,641</u>	<u>8,552,198</u>	<u>9,150,770</u>	<u>17,702,968</u>	<u>206,555</u>	<u>17,909,523</u>



Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)  
For the nine month period ended 30 September 2021

10. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of revenue from contracts with customers (Continued)

Segments	For the nine month period ended 30 September 2021					For the nine month period ended 30 September 2020						
	Oil and gas services		Retail	Subtotal	Other	Total	Oil and gas services		Retail	Subtotal	Other	Total
	KD	KD					KD	KD				
<i>Type of Revenues</i>												
Services and maintenance	13,899,637	-	-	13,899,637	-	13,899,637	14,214,696	-	-	-	14,214,696	
Constructions	2,718,765	-	-	2,718,765	-	2,718,765	9,749,829	-	-	-	9,749,829	
Manpower supply	2,193,143	-	-	2,193,143	-	2,193,143	2,215,760	-	-	-	2,215,760	
Sale of goods	-	28,773,847	-	28,773,847	-	28,773,847	-	26,441,097	-	-	26,441,097	
Other operating income	-	-	1,499,255	1,499,255	-	1,499,255	-	-	-	285,974	285,974	
Other income	18,811,545	-	308,127	308,127	-	308,127	-	-	-	388,026	388,026	
	<u>18,811,545</u>	<u>28,773,847</u>	<u>1,807,382</u>	<u>47,585,392</u>	<u>1,807,382</u>	<u>49,392,774</u>	<u>26,180,285</u>	<u>26,441,097</u>	<u>52,621,382</u>	<u>674,000</u>	<u>53,295,382</u>	
<i>Type of customer</i>												
Government	18,811,545	-	-	18,811,545	-	18,811,545	26,001,573	567,928	26,569,501	-	26,569,501	
Non-government	-	28,773,847	1,807,382	30,581,229	1,807,382	30,581,229	178,712	25,873,169	26,051,881	674,000	26,725,881	
	<u>18,811,545</u>	<u>28,773,847</u>	<u>1,807,382</u>	<u>49,392,774</u>	<u>1,807,382</u>	<u>49,392,774</u>	<u>26,180,285</u>	<u>26,441,097</u>	<u>52,621,382</u>	<u>674,000</u>	<u>53,295,382</u>	
<i>Primary geographical markets</i>												
State of Kuwait	18,811,545	23,776,466	1,807,382	42,588,011	1,807,382	44,395,393	26,180,285	22,536,643	48,716,928	674,000	49,390,928	
GCC Countries	-	4,997,381	-	4,997,381	-	4,997,381	-	3,904,454	3,904,454	-	3,904,454	
	<u>18,811,545</u>	<u>28,773,847</u>	<u>1,807,382</u>	<u>47,585,392</u>	<u>1,807,382</u>	<u>49,392,774</u>	<u>26,180,285</u>	<u>26,441,097</u>	<u>52,621,382</u>	<u>674,000</u>	<u>53,295,382</u>	
<i>Timing of revenues recognition</i>												
Services/goods transferred at a point in time	-	28,773,847	1,807,382	30,581,229	1,807,382	30,581,229	-	26,441,097	26,441,097	674,000	27,115,097	
Services transferred over time	18,811,545	-	-	18,811,545	-	18,811,545	26,180,285	-	26,180,285	-	26,180,285	
	<u>18,811,545</u>	<u>28,773,847</u>	<u>1,807,382</u>	<u>49,392,774</u>	<u>1,807,382</u>	<u>49,392,774</u>	<u>26,180,285</u>	<u>26,441,097</u>	<u>52,621,382</u>	<u>674,000</u>	<u>53,295,382</u>	

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)  
For the nine month period ended 30 September 2021**

**11. BASIC AND DILUTED LOSS PER SHARE**

Basic and diluted loss per share is computed by dividing loss for the period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the period less weighted average number of treasury shares.

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2021	2020	2021	2020
Loss for the period attributable to shareholders of the Parent Company (KD)	(2,023,035)	(1,416,264)	(5,694,204)	(4,018,055)
Weighted average number of outstanding shares during the period excluding treasury shares (share)	164,995,499	164,995,499	164,995,499	164,995,499
Basic loss per share (fils)	(12.26)	(8.58)	(34.51)	(24.35)

The Parent Company had no outstanding dilutive shares.

**12. ANNUAL GENERAL ASSEMBLY MEETING**

The Annual General Assembly Meeting of the Parent Company shareholders held on 13 June 2021 approved the consolidated financial statements for the year ended 31 December 2020 and approved no distribution of dividends and no Board of Directors remuneration for the year ended 31 December 2020.

**13. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

At the interim condensed consolidated statement of financial position date, the Group's capital commitments and contingent liabilities are as follow:

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
<b>Capital commitments</b>			
Purchase of investment in financial assets at fair value through other comprehensive income / associate *	29,900,000	29,900,000	29,900,000
	<u>29,900,000</u>	<u>29,900,000</u>	<u>29,900,000</u>
<b>Contingent liabilities</b>			
Letters of credit	1,532,950	3,103,814	3,971,482
Letters of guarantees	79,356,397	79,606,729	84,292,584
Letters of acceptance	1,145,057	709,604	649,015
Certified cheques	-	387,301	197,921
	<u>82,034,404</u>	<u>83,807,448</u>	<u>89,111,002</u>

\* There is a legal case relating to the unpaid capital of the investment (Note 17).

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**

For the nine month period ended 30 September 2021

**14. SEGMENT INFORMATION**

For management purposes the Group is organised into four major business segments. The principal activities and services under these segments are as follows:

- Oil and gas
- Retail
- Investments
- Construction

There are no inter-segmental transactions. The following segments are reported in a manner that is more consistent with internal reporting provided to the chief operating decision maker:

	Oil and gas		Retail		Investments		Construction		Total	
	30 September		30 September		30 September		30 September		30 September	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	KD		KD		KD		KD		KD	
Segment revenue	23,043,827	28,165,401	26,414,147	26,248,709	125,599	242	3,827	12,244	49,587,400	54,426,596
Segment (loss) / profit	(4,859,489)	(1,564,605)	767,073	714,755	(2,827,251)	(3,649,610)	(103,697)	50,287	(7,023,364)	(4,449,173)
Segment assets	133,211,091	144,523,335	43,023,585	44,688,932	90,446,550	70,773,710	12,747,957	12,919,865	279,429,183	272,905,842
Segment liabilities	127,669,972	133,301,917	28,014,346	26,229,620	88,491,751	78,519,867	1,496,223	481,577	245,672,292	238,532,981

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

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**15. FINANCIAL RISK MANAGEMENT**

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

***Liquidity risk***

The Group has prepared additional cash flow forecasts in connection to COVID-19 outbreak, to identify associated liquidity requirements and ensure these risks are closely managed in light of the current economic environment and the sensitivities remain reasonable.

***Credit risk***

The Group continues to have a robust collection and credit process. Further enhancement and development to strength the processes and credit controls have resulted in an efficient receivables management. Hence, despite the uncertain economic conditions, the Group continued to have a robust collection through the period. Also, the measures taken above have contributed to minimise the impact on the default risk of receivables during the period. However, the Group continuously monitors the impact on receivables using expected credit losses ("ECL") model, supplemented with Post Model Adjustments ("PMA").

**16. FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorised within the fair value hierarchy, described as below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

**16. FAIR VALUE MEASUREMENT (CONTINUED)**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The financial assets measured at fair value in the interim condensed consolidated statement of financial position / consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD
<b>30 September 2021</b>			
<i>Financial assets at fair value through other comprehensive income</i>			
Unquoted securities	-	97,230,531	97,230,531
<i>Financial assets at fair value through profit or loss</i>			
Quoted securities	4,312	-	4,312
	<u>4,312</u>	<u>97,230,531</u>	<u>97,234,843</u>
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD
<b>31 December 2020 (Audited)</b>			
<i>Financial assets at fair value through other comprehensive income</i>			
Unquoted securities	-	97,230,531	97,230,531
<i>Financial assets at fair value through profit or loss</i>			
Quoted securities	3,889	-	3,889
	<u>3,889</u>	<u>97,230,531</u>	<u>97,234,420</u>
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD
<b>30 September 2020</b>			
<i>Financial assets at fair value through other comprehensive income</i>			
Unquoted securities	-	5,561,621	5,561,621
<i>Financial assets at fair value through profit or loss</i>			
Quoted securities	3,820	-	3,820
	<u>3,820</u>	<u>5,561,621</u>	<u>5,565,441</u>

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)  
For the nine month period ended 30 September 2021**

**16. FAIR VALUE MEASUREMENT (CONTINUED)**

**Reconciliation of Level 3 fair value measurements:**

	<b>Financial assets at fair value through other comprehensive income</b>
	<b>KD</b>
<b>30 September 2021</b>	
As at 1 January 2021	97,230,531
<b>30 September 2021</b>	<b>97,230,531</b>
<b>31 December 2020 (Audited)</b>	
As at 1 January 2020	5,837,353
Transferred from investment in associate	90,778,513
Changes in fair value	614,665
<b>31 December 2020 (Audited)</b>	<b>97,230,531</b>
<b>30 September 2020</b>	
As at 1 January 2020	5,837,353
Changes in fair value	(275,732)
<b>30 September 2020</b>	<b>5,561,621</b>

During the period / year, there were no transfers between level 1, level 2 and level 3.

**17. LEGAL CLAIMS**

There are certain lawsuits filed by / against the Group, which is directly related to the investment in Health Assurance Hospitals Company K.P.S.C. (“Dhaman”) and one of the Group’s creditors, as mentioned below. The results of such lawsuits cannot be valued unless a final judgment is rendered by the Court. A provision against the legal cases amounting to KD 7,087,565 recorded in the consolidated statement of income for the year ended 31 December 2020. According to the external legal counsel’s point of view, the Group’s management believes that there will be no need for any other additional provision.

***Health Assurance Hospitals Company K.P.S.C. (Public) (“Dhaman”):***

There is a legal claim filed against Health Assurance Hospitals Company K.S.C. (Public) (the “Company”) and other parties, which is deliberated before the Capital Markets Authority’s Court - commercial, civil, regarding the subscription to share capital of the Company and requesting an appeal against the incorporation procedures of Health Assurance Hospitals Company K.P.S.C. The session is scheduled on 19 May 2021, and which has been postponed to 16 December 2021. In addition, there is another legal case against Health Assurance Hospitals Company K.P.S.C requesting the cancellation and compensation against the dismissal of the members of Arabi Group Holding Company K.S.C. (Public) (the “Parent Company”) from the Board of Directors of Health Assurance Hospitals Company K.P.S.C. On 24 February 2021, the court decided to dismiss the legal case. Arabi Group Holding Company has appealed against the ruling. Session dated 9 December 2021 was scheduled.

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

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**17. LEGAL CLAIMS (CONTINUED)**

There is a legal case filed against Dhaman Company requesting the deletion of commercial register of Dhaman Company. A judgment to the effect of lack of jurisdiction and referral to the Capital Market Authority's Court - administrative has been rendered and the session dated 26 May 2021 was scheduled, and it was postponed to 21 November 2021.

A case filed by Arabi Group Holding Company against Health Assurance Hospitals Company and other parties requesting the cancellation of Capital Markets Authority's decision issued on 18 March 2021 related to the shares of Health Assurance Hospitals Company, which includes a summary part for stay of execution and a request for the delegation of an expert to investigate allegation of forgery of contents of Shareholders' register of Health Assurance Hospitals Company from the Kuwait Investment Authority that it subscribed on behalf of the nationals. A session dated 5 September 2021 was scheduled. the court decided to dismiss the legal case. Arabi Group Holding Company has appealed against the ruling. Session is not scheduled till date.

Further, there is a case filed by Arabi Group Holding Company against Capital Markets Authority and Boursa Kuwait requesting the delegation of an expert and, on a summary basis, to suspend the decision of CMA Board of Commissioners issued on 15 March 2021 delisting Arabi Group Holding Company's share from trading and, in merits, to request cancellation of decision. The hearing dated 2 May 2021 was scheduled for considering the case before the administrative circuit - CMA, and it was postponed to 5 September 2021. the court decided to dismiss the legal case. Arabi Group Holding Company has appealed against the ruling. Session is not scheduled till date.

In the opinion of the Group's external legal counsel, these cases and the related judgments are likely to be in favor of the Group.

***Mashfa for Medical Services W.L.L ("Mashfa") (one of Group's creditors for financing Dhaman (previously the "Associate")):***

A legal claim filed by the Parent Company against Mashfa requesting for a temporary compensation of KD 5,001 and invalidation of the assignment of right for using the assignment of right issued in favor of Mashfa, on the basis of issuance of a final judgment in favor of the Parent Company which legally invalidates the lending of KD 21,000,000, which is included in trade and other payables in the interim condensed consolidated financial information. The Court of First Instance has issued a judgment in favor of Mashfa, and the judgment was appealed before the Court of Appeal in the hearing dated 19 May 2021. The judgment was dismissed and brought back to the Court of First Instance by the Court of Appeal for the hearing of 28 June 2021 which was postponed until 13 December 2021 for judgment. There is ongoing lawsuit filed by the Parent Company against Mashfa for delegating an expert and terminating the memorandum of agreement. This lawsuit is adjourned until 13 December 2021 for judgement.

**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

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**17. LEGAL CLAIMS (CONTINUED)**

Furthermore, there is an ongoing lawsuit filed by Mashfa against Arabi Holding Group Company in which it requests for dissolution and liquidation of Arabi Group Holding Company. This lawsuit was postponed until 8 December 2021. Also, there is a lawsuit filed by Arabi Group Holding Company against Mashfa for delegating an expert to determine the damages sustained by Arabi Group Holding Company due to the attachment imposed by Mashfa on shares and funds of Arabi Group Holding Company based on a cheque that does not represent a debt owed by Arabi Group Holding Company, in which a judgment staying the proceedings pending a final judgment to be rendered in the lawsuit no. 4019/2020 was rendered. This is the lawsuit that has been filed by Mashfa against Arabi Group Holding Company requesting for repaying an amount of eight million Kuwaiti Dinars. In the hearing dated 23 June 2021, a judgment was rendered for cancelling and brining it back to the Court of First Instance and no hearing was set so far.

In the opinion of the Group's external legal counsel, these cases and the related judgments are likely to be in favor of the Group.

Furthermore, there are other legal cases filed by Arabi Enertech Company K.S.C. (Closed) ("Subsidiary") claiming compensation against financial impact suffered by the subsidiary, as a result of cancellation certain revenue contracts by major Customers.

In the opinion of the Subsidiary's external legal counsel, these cases and the related judgments are likely to be in favor of the Subsidiary.

**18. SIGNIFICANT EVENTS**

Spread of the novel coronavirus led to an impact on the economic environment globally and locally, which led to the Group's exposure to various risks since epidemic outbreak.

The Group has performed an assessment of Coronavirus pandemic in accordance with the available guidelines, which has resulted in the following changes:

**Going concern concept**

The Group has performed an assessment of whether there is a going concern in light of current economic conditions and all available information about risks and future uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity using the estimates of cash. Despite of the ever-growing impact of COVID-19 that leads to cancelling some revenue contracts by the customers, the current expectations indicate that the Group has sufficient resources to continue in its operational existence and its going concern position remains largely unaffected and unchanged since 30 September 2021. As a result, the interim condensed consolidated financial information have been appropriately prepared on a going concern basis.



**Arabi Group Holding Company K.S.C. (Public) and its subsidiaries  
State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine month period ended 30 September 2021

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**18. SIGNIFICANT EVENTS (CONTINUED)**

**Valuation estimates and judgments**

The Group has also considered potential impact of the current economic volatility in determination of value of the stated financial and non-financial assets and these are considered by the Group's management as best assessment based on available information or at market prices. However, it remains volatile and the recorded balances remain sensitive to market fluctuations.

***Borrowings***

The management has taken steps to ensure adequate liquidity is available to the Group for the likely duration of the crisis and the recovery period. In addition, during prior year, the Group has granted a loan amounted to KD 496,740 from a local bank against the consequence of the COVID-19 outbreak.

As at 30 September 2021, the Group has default term loans with principal amounts of KD 43,333,981 (31 December 2020: KD 23,952,039) and its interest payable of KD 1,155,591 (31 December 2020: KD 1,888,187), in addition, the Group has default Murabaha payables of KD 113,682 which represent the principal and its profit payable (31 December 2020: KD 94,383). The Group is in the process of rescheduling these installments.

**Subsequent events**

Given the uncertainty of the extent and duration of coronavirus outbreak, the implications of the coronavirus on the Group for conditions that may arise after the period end cannot be reasonably quantified at the date of issuance of the interim condensed consolidated financial information.