

**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 three months period ended 31 March 2023

**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 three months period ended 31 March 2023

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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 31 March 2023 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months 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 matters described in the "Basis for 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 for Qualified Conclusion

We were unable to determine whether any adjustments to these amounts were necessary for the accompanying interim condensed consolidated financial information with respect to:

- As at 31 December 2022, the Group has inventories with a carrying amount of KD 45,399,841. We were not able to observe the counting of the physical inventories carried at KD 23,210,401 in the consolidated financial statements as at 31 December 2022, or to satisfy ourselves concerning those inventories by alternative means.
- As at 31 March 2023, the Group has contract receivables, and retentions included in the trade receivables and other debit balances. We were unable to obtain sufficient appropriate information to satisfy ourselves regarding the sufficiency of the provisions required for these accounts as at 31 March 2023.
- As at 31 December 2022, the consolidated financial statements include banks borrowings amounted to KD 39,107,182. We were unable to obtain sufficient appropriate audit evidence about the accuracy and completeness of these borrowings' balances, and the existence of any contingencies, or pledges or any other related matters against these banks' accounts, as a result of not obtaining the related banks' confirmations as at 31 December 2022. Subsequently, the Group had settled an amount of KD 2,696,155 due to a local bank.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the "Basis for 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.

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

- 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 Group's defaulted borrowings in the amount of KD 70,995,822 as at 31 March 2023 (31 December 2022: KD 72,476,924 and 31 March 2022: KD 58,597,988). 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 31 March 2023 by KD 95,833,651 (31 December 2022: KD 94,405,893 and 31 March 2022: KD 93,172,638).
- 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 31 March 2023.

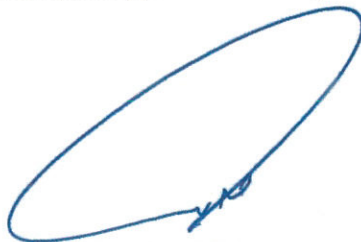
Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, except for the matters described in the "Basis for 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, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Article of Association, have occurred during the three months period ended 31 March 2023, 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 matters described in the "Basis for 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 three months period ended 31 March 2023 that might have a material effect on the Parent Company's financial position or its business results.

Other Matter

The Annual General Assembly Meeting of the Parent Company's Shareholders for the financial year ended 31 December 2022 has not been held until the reporting date, we have been appointed as the auditor by the Parent Company's Board of Directors to review the interim condensed consolidated financial information for the three months period ended 31 March 2023. such appointment is subject to approval of the Parent Company's Shareholders Ordinary General Assembly.



Faisal Saqer Al Saqer
Licence No. 172 – A
BDO Al Nisf & Partners

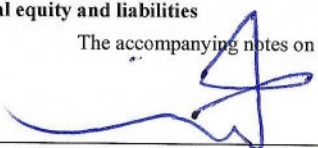
Kuwait: 15 May 2023

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

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 31 March 2023

		(Audited)	
	31 March 2023	31 December 2022	31 March 2022
	KD	KD	KD
ASSETS			
Non-current assets			
Property, plant and equipment	24,374,328	24,694,648	27,562,952
Investment in an associate	1	1	1
Financial assets at fair value through other comprehensive income	128,442,429	128,442,429	131,557,723
Contract retentions	-	-	707,371
	<u>152,816,758</u>	<u>153,137,078</u>	<u>159,828,047</u>
Current assets			
Inventories	46,018,264	45,399,841	47,111,810
Contract assets	6,256,775	6,256,775	6,256,775
Contract receivables	4 71,985,857	71,936,474	65,706,452
Trade receivables and other debit balances	30,858,540	31,545,987	26,807,086
Due from related parties	5 4,957,757	5,898,883	8,037,407
Financial assets at fair value through profit or loss	6,146	6,702	5,349
Cash and cash equivalents	4,864,286	4,284,078	3,718,438
	<u>164,947,625</u>	<u>165,328,740</u>	<u>157,643,317</u>
Total assets	<u>317,764,383</u>	<u>318,465,818</u>	<u>317,471,364</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17,296,224	17,296,224	17,296,224
Share premium	-	7,877,292	7,877,292
Treasury shares	6 -	(527,778)	(1,480,519)
Treasury shares reserve	1,007,589	479,298	17,230
Statutory reserve	-	554,248	554,248
Voluntary reserve	-	324,297	324,297
Revaluation surplus	7,951,168	7,951,168	9,890,616
Foreign currencies translation adjustments	178,474	173,002	135,072
Fair value reserve from financial assets at fair value through other comprehensive income	2,189,102	2,189,102	5,302,528
Accumulated losses	(4,103,132)	(10,699,974)	(11,371,553)
Equity attributable to Shareholders of the Parent Company	<u>24,519,425</u>	<u>25,616,879</u>	<u>28,545,435</u>
Non-controlling interests	2,775,911	2,719,261	2,310,689
Total equity	<u>27,295,336</u>	<u>28,336,140</u>	<u>30,856,124</u>
LIABILITIES			
Non-current liabilities			
Provision for end of service indemnity	4,526,396	4,678,646	5,240,667
Borrowings	7 24,931,083	25,478,029	30,243,218
Lease liabilities	230,292	238,370	315,400
	<u>29,687,771</u>	<u>30,395,045</u>	<u>35,799,285</u>
Current liabilities			
Borrowings	7 124,731,500	127,109,047	127,890,320
Lease liabilities	30,699	30,699	39,156
Due to banks	8 7,221,807	7,506,741	6,196,834
Notes payable	9 12,783,030	12,517,223	11,466,347
Trade payables and other payables	89,345,646	88,681,742	83,557,428
Due to related parties	5 26,668,594	23,889,181	21,665,870
	<u>260,781,276</u>	<u>259,734,633</u>	<u>250,815,955</u>
Total liabilities	<u>290,469,047</u>	<u>290,129,678</u>	<u>286,615,240</u>
Total equity and liabilities	<u>317,764,383</u>	<u>318,465,818</u>	<u>317,471,364</u>

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


Tareq Mohammad Al Maousherji
Chairman

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

Interim Condensed Consolidated Statement of Income (Unaudited)
For the three months period ended 31 March 2023

	Notes	For the three months period ended 31 March	
		2023	2022
		KD	KD
Revenue from contracts with customers			
Cost of revenue	10	14,596,666	11,911,631
Gross profit		<u>(10,166,829)</u>	<u>(9,169,904)</u>
Other operating income		4,429,837	2,741,727
General and administrative expenses	10	14,281	134,942
Provision for obsolete and slow-moving inventories		(3,679,009)	(3,005,824)
Provision for expected credit losses		(73,796)	(90,069)
Loss on liquidation letter of guarantees		(128,972)	(125,787)
Profit / (loss) from operations	13	<u>-</u>	<u>(9,420,055)</u>
Gain on disposal of property, plant and equipment		562,341	(9,765,066)
Unrealised (loss) / gain from financial assets at fair value through profit or loss		3,816	85,262
Reversal of provision		(556)	1,060
Other income	17	-	2,835,026
Finance costs	10	121,257	134,973
Loss for the period		<u>(2,787,813)</u>	<u>(1,671,813)</u>
		<u>(2,100,955)</u>	<u>(8,380,558)</u>
Attributable to:			
Shareholders of the Parent Company		(2,158,995)	(5,661,006)
Non-controlling interests		58,040	(2,719,552)
		<u>(2,100,955)</u>	<u>(8,380,558)</u>
Basic and diluted loss per share attributable to the Shareholders of the Parent Company (fils)	11	<u>(12.57)</u>	<u>(34.31)</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 Comprehensive Income (Unaudited)
For the three months period ended 31 March 2023

	For the three months period ended 31 March	
	2023	2022
	KD	KD
Loss for the period	(2,100,955)	(8,380,558)
Other comprehensive income		
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>		
Change in foreign currencies translation adjustments	4,082	17,084
Other comprehensive income for the period	<u>4,082</u>	<u>17,084</u>
Total comprehensive loss for the period	<u>(2,096,873)</u>	<u>(8,363,474)</u>
Attributable to:		
Shareholders of the Parent Company	(2,153,523)	(5,643,801)
Non-controlling interests	<u>56,650</u>	<u>(2,719,673)</u>
	<u>(2,096,873)</u>	<u>(8,363,474)</u>

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

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the three months period ended 31 March 2023

	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
Balance as at 1 January 2022	17,296,224	7,877,292	(1,480,519)	17,230	554,248	324,297	9,890,616	117,867	5,302,528	(5,710,547)	34,189,236	5,030,362	39,219,598
Loss for the period	-	-	-	-	-	-	-	-	-	(5,661,006)	(5,661,006)	(2,719,552)	(8,380,558)
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	(121)	17,084
Balance as at 31 March 2022	17,296,224	7,877,292	(1,480,519)	17,230	554,248	324,297	9,890,616	135,072	5,302,528	(11,371,553)	28,543,435	2,310,689	(8,363,474)
Balance as at 1 January 2023	17,296,224	7,877,292	(527,778)	479,298	554,248	324,297	7,951,168	173,002	2,189,102	(10,699,974)	25,616,879	2,719,261	28,336,140
(Loss) / profit for the period	-	-	-	-	-	-	-	-	-	(2,158,995)	(2,158,995)	58,040	(2,100,955)
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	5,472	-	-	5,472	(1,390)	4,082
Written off accumulated losses (Note 12)	-	(7,877,292)	-	-	(554,248)	(324,297)	-	5,472	-	(2,158,995)	(2,153,523)	56,650	(2,096,873)
Sale of treasury shares	-	-	527,778	528,291	-	-	-	-	-	8,755,837	-	-	1,056,069
Balance as at 31 March 2023	17,296,224	-	-	1,007,589	-	-	7,951,168	178,474	2,189,102	(4,103,132)	24,519,425	2,773,911	27,295,336

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 three months period ended 31 March 2023

	For the three months period ended 31 March	
	2023	2022
	KD	KD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(2,100,955)	(8,380,558)
<i>Adjustments:</i>		
Depreciation	462,682	504,825
Gain on disposal of property, plant and equipment	(3,816)	(85,262)
Unrealised loss / (gain) from financial assets at fair value through profit or loss	556	(1,060)
Provision for obsolete and slow moving inventories	73,796	90,069
Provision for expected credit losses	128,972	125,787
Loss on liquidation letter of guarantees	-	9,420,055
Reversal of provision	-	(2,835,026)
Provision for end of service indemnity	160,509	243,485
Finance costs	2,787,813	1,671,813
	<u>1,509,557</u>	<u>754,128</u>
<i>Changes in operating assets and liabilities:</i>		
Contract retentions	-	(4,128)
Inventories	(692,219)	(1,913,707)
Contract receivables	(49,383)	(242,805)
Trade receivables and other debit balances	558,475	1,765,611
Due from related parties	941,126	(8,580,933)
Trade payables and other payables	663,904	444,637
Due to related parties	2,779,413	584,632
<i>Cash generated from / (used in) operations</i>	<u>5,710,873</u>	<u>(7,192,565)</u>
Provision for end of service indemnity paid	(312,759)	(74,731)
Net cash flows from / (used in) operating activities	<u>5,398,114</u>	<u>(7,267,296)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Paid to purchase of property, plant and equipment	(156,287)	(692,622)
Proceeds from disposal of property, plant and equipment	17,741	852,107
Net cash flows (used in) / from investing activities	<u>(138,546)</u>	<u>159,485</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	7,838,930
Settlement of borrowings	(2,924,493)	(1,109,641)
Payment of lease liabilities	(8,078)	(9,789)
Net movement of due to banks	(284,934)	(1,437,763)
Net movement of notes payable	265,807	(83,124)
Proceeds from sale of treasury shares	1,056,069	-
Finance costs paid	(2,787,813)	(1,671,813)
Net cash flows (used in) / from financing activities	<u>(4,683,442)</u>	<u>3,526,800</u>
Net increase / (decrease) in cash and cash equivalents	576,126	(3,581,011)
Foreign currencies translation adjustments	4,082	17,386
Cash and cash equivalents at the beginning of the period	4,284,078	7,282,063
Cash and cash equivalents at the end of the period	<u>4,864,286</u>	<u>3,718,438</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 three months period ended 31 March 2023

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 three months period ended 31 March 2023 were authorised for issue by the Board of Directors of the Parent Company on 15 May 2023.

1.1 Fundamental accounting concept

As at 31 March 2023, the Group’s current liabilities exceeded its current assets by KD 95,833,651 (31 December 2022: KD 94,405,893 and 31 March 2022: KD 93,172,638).

An amount of KD 70,995,822 is defaulted borrowings as at 31 March 2023 (31 December 2022: KD 72,476,924 and 31 March 2022: KD 58,597,988). 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.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information has 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 financial year ended 31 December 2022 (“last annual consolidated financial statements”).

2. BASIS OF PREPARATION (CONTINUED)

The interim condensed consolidated financial information does not include all of the information required for a complete annual consolidated financial statements and disclosures prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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 three months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For further information, refer to the annual audited consolidated financial statements of the Group and notes thereto for the financial year ended 31 December 2022.

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 adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the financial year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group’s interim condensed consolidated financial information.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group’s 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 three months period ended 31 March 2023**

2. BASIS OF PREPARATION (CONTINUED)

2.1 Changes in significant accounting policies (Continued)

New standards, interpretations and amendments adopted by the Group (Continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policies' disclosures in the Group's annual consolidated financial statements.

3. BASIS OF CONSOLIDATION

This interim condensed consolidated financial information for the three months period ended 31 March 2023 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
	31 March 2023	(Audited) 31 December 2022	31 March 2022		
	%	%	%		
Arabi Company W.L.L. (*) 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) (**)	100	100	100	State of Kuwait	General trading and contracting
Daleel International Company W.L.L. (***)	73.08	73.08	73.08	State of Kuwait	General trading and contracting
	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 31 March 2023 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.

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 three months period ended 31 March 2023

3. BASIS OF CONSOLIDATION (CONTINUED)

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

<u>Name of the subsidiary</u>	<u>Ownership (%)</u>			<u>Country of incorporation</u>	<u>Principal activities</u>
	<u>31 March 2023</u>	<u>(Audited) 31 December 2022</u>	<u>31 March 2022</u>		
	%	%	%		
Gulf Services and Industrial Supplies Company	100	100	100	Oman	General Trading and Contracting
Arabi Company W.L.L.	100	100	100	Qatar	General Trading and Contracting
Altec Corporation Limited	90.03	90.03	90.03	India	General Trading and Contracting
Warba Mechanical Equipments L.L.C.	70	70	70	United Arab Emirates	General Trading and Contracting

(**) The interim condensed consolidated financial information includes the interim condensed financial information of Arabi Eneritech Company K.S.C. (Closed) and its subsidiary as follows:

<u>Name of the subsidiary</u>	<u>Ownership (%)</u>			<u>Country of incorporation</u>	<u>Principal activities</u>
	<u>31 March 2023</u>	<u>(Audited) 31 December 2022</u>	<u>31 March 2022</u>		
	%	%	%		
Medical Engineering Company W.L.L.	98	98	98	State of Kuwait	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 three months period ended 31 March 2023.

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4. CONTRACT RECEIVABLES

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Contract receivables	84,765,216	84,715,833	78,485,811
Provision for excepted credit losses	(12,779,359)	(12,779,359)	(12,779,359)
	<u>71,985,857</u>	<u>71,936,474</u>	<u>65,706,452</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:

	31 March 2023	(Audited) 31 December 2022	31 March 2022
	KD	KD	KD
Due from related parties	4,957,757	5,898,883	8,037,407
Due to related parties	26,668,594	23,889,181	21,665,870

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 amounted to KD 7,576,886 (31 December 2022: KD 7,430,316 and 31 March 2022: KD 7,111,994) (included in due to related parties), which carries an interest rate of 8% (31 December 2022: 6.5% and 31 March 2022: 6.5%) per annum.

Transactions included in the interim condensed consolidated statement of income:

	Shareholders	Other related parties	31 March 2023	31 March 2022
	KD	KD	KD	KD
Finance costs	146,570	-	146,570	104,178
General and administrative expenses	-	7,900	7,900	-
			<u>31 March 2023</u>	<u>31 March 2022</u>
			KD	KD
Key management compensation:				
Salaries and short-term benefits			57,000	57,000
End of service benefits			5,610	5,610

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6. TREASURY SHARES

	31 March	(Audited)	31 March
	2023	31 December	2022
	2023	2022	2022
Number of treasury shares (shares)	-	2,840,000	7,966,743
Percentage of ownership (%)	-	1.642%	4.61%
Market value (KD)	-	914,480	2,652,925
Cost (KD)	-	527,778	1,480,519

During the current period, the Parent Company sold 2,840,000 shares for a total consideration of KD 1,056,069. The sale resulted in a gain on sale of treasury shares amounted to KD 1,007,589 that was recognised as treasury shares reserve in the interim condensed consolidated statement of financial position.

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 2022: from 2.5% to 4% and 31 March 2022: from 2.5% to 4%) per annum over the Central Bank of Kuwait discount rate.

Collaterals

Borrowings are secured against the following 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,
- Financial assets at fair value through other comprehensive income.

Presented below maturity profile of borrowings as follows:

	31 March	(Audited)	31 March
	2023	31 December	2022
	2023	2022	2022
	KD	KD	KD
Non-current portion	24,931,083	127,109,047	30,243,218
Current portion	124,731,500	25,478,029	127,890,320
	<u>149,662,583</u>	<u>152,587,076</u>	<u>158,133,538</u>

As at 31 March 2023, the Group has default term loans with principal amounts of KD 64,970,310 (31 December 2022: KD 66,858,465 and 31 March 2022: KD 42,568,989) and its interest payable of KD 6,025,512 (31 December 2022: KD 5,618,459 and 31 March 2022: KD 2,116,860). in addition, the Group has default Murabaha payables of KD Nil (31 December 2022: KD Nil and 31 March 2022: KD 13,912,139) which represent the principal and its profit payable. The Group is in the process of rescheduling these installments.

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8. DUE TO BANKS

Due to banks represent facilities granted by local banks carrying interest rates ranging from 2.5% to 4% (31 December 2022: from 2.5% to 4% and 31 March 2022: from 2.5% to 4%) per annum 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 1.75% to 4% (31 December 2022: from 1.75% to 4% and 31 March 2022: from 1.75% to 4%) per annum over the Central Bank of Kuwait discount rate.

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

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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 months period ended 31 March 2023				For the three months period ended 31 March 2022					
	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	5,452,305	-	5,452,305	-	5,452,305	3,548,925	-	3,548,925	-	3,548,925
Constructions	-	-	-	-	-	132,119	-	132,119	-	132,119
Manpower supply	45,496	-	45,496	-	45,496	47,926	-	47,926	-	47,926
Sale of goods	-	9,098,865	9,098,865	-	9,098,865	-	8,182,661	8,182,661	-	8,182,661
Other operating income	-	-	-	14,281	14,281	-	-	-	134,942	134,942
Other income	-	-	-	121,257	121,257	-	-	-	134,973	134,973
	<u>5,497,801</u>	<u>9,098,865</u>	<u>14,596,666</u>	<u>135,538</u>	<u>14,732,204</u>	<u>3,728,970</u>	<u>8,182,661</u>	<u>11,911,631</u>	<u>269,915</u>	<u>12,181,546</u>
<i>Type of customer</i>										
Government	5,497,801	-	5,497,801	-	5,497,801	3,728,970	-	3,728,970	-	3,728,970
Non-government	-	9,098,865	9,098,865	135,538	9,234,403	-	8,182,661	8,182,661	269,915	8,452,576
	<u>5,497,801</u>	<u>9,098,865</u>	<u>14,596,666</u>	<u>135,538</u>	<u>14,732,204</u>	<u>3,728,970</u>	<u>8,182,661</u>	<u>11,911,631</u>	<u>269,915</u>	<u>12,181,546</u>
<i>Primary geographical markets</i>										
State of Kuwait	5,497,801	9,098,865	14,596,666	135,538	14,732,204	3,728,970	6,465,383	10,194,353	269,915	10,464,268
Gulf Cooperation Council Countries	-	-	-	-	-	-	1,717,278	1,717,278	-	1,717,278
	<u>5,497,801</u>	<u>9,098,865</u>	<u>14,596,666</u>	<u>135,538</u>	<u>14,732,204</u>	<u>3,728,970</u>	<u>8,182,661</u>	<u>11,911,631</u>	<u>269,915</u>	<u>12,181,546</u>
<i>Timing of revenues recognition</i>										
Services/goods transferred at a point in time	-	9,098,865	9,098,865	135,538	9,234,403	-	8,182,661	8,182,661	269,915	8,452,576
Services transferred over time	5,497,801	-	5,497,801	-	5,497,801	3,728,970	-	3,728,970	-	3,728,970
	<u>5,497,801</u>	<u>9,098,865</u>	<u>14,596,666</u>	<u>135,538</u>	<u>14,732,204</u>	<u>3,728,970</u>	<u>8,182,661</u>	<u>11,911,631</u>	<u>269,915</u>	<u>12,181,546</u>

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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 months	
	period ended 31 March	
	2023	2022
Loss for the period attributable to the Shareholders of the Parent Company (KD)	(2,158,995)	(5,661,006)
Number of the Parent Company's outstanding shares (share)	172,962,242	172,962,242
Less: weighted average number of the Parent Company's treasury shares (share)	(1,180,074)	(7,966,743)
Weighted average number of the Parent Company's outstanding shares (share)	171,782,168	164,995,499
Basic and diluted loss per share attributable to the Shareholders of the Parent company (fils)	(12.57)	(34.31)

The Parent Company had no outstanding dilutive shares.

12. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly Meeting of the Shareholders of the Parent Company for the financial year ended 31 December 2022 has not been held until the reporting date. Consequently, the consolidated financial statements for the financial year ended 31 December 2022 were not approved yet. The consolidated financial statements for the financial year ended 31 December 2022 do not include any adjustments, which might have been required, had the General Assembly approved the consolidated financial statements for the financial year ended 31 December 2022.

The Parent Company's Shareholders' Ordinary General Assembly Meeting held on 26 January 2023, agreed to write off part of the accumulated losses using the below:

- All statutory reserve amount of KD 554,248.
- All voluntary reserve amount of KD 324,297.
- All share premium amount of KD 7,877,292.

The Parent Company's Shareholders' Extraordinary General Assembly Meeting held on 26 January 2023, approved an increase in the Parent Company's share capital from KD 17,296,224 to KD 34,592,448 through cash increase by an amount of KD 17,296,224 representing 172,962,242 shares of 100 fils per share with premium of 55 fils per share, shall be through public subscription for Shareholders registered in the register of the Parent Company's Shareholders. This was authenticated in the Commercial Register No. 34151 on 11 May 2023.

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13. CONTINGENT LIABILITIES

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

	31 March	(Audited)	
	2023	31 December	31 March
	<u>KD</u>	<u>2022</u>	<u>2022</u>
	KD	KD	KD
<i>Contingent liabilities</i>			
Letters of credit	1,380,255	676,308	1,818,537
Letters of guarantees *	59,084,076	59,042,335	68,448,040
Letters of acceptance	209,528	881,858	1,331,111
	<u>60,673,859</u>	<u>60,600,501</u>	<u>71,597,688</u>

* During the previous period ended 31 March 2022, letters of guarantee of KD 9,420,055 issued by the Group related to certain terminated contracts for rendering services to projects were liquidated resulting in losses recognised in the interim condensed consolidated statement of income.

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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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	KD		KD		KD		KD		KD	
Segment revenue	5,874,960	4,400,831	8,810,224	7,865,977	50,280	1,060	-	-	14,735,464	12,267,868
Segment profit / (loss)	229,962	(10,095,349)	234,102	120,548	(2,545,605)	1,608,176	(19,414)	(13,933)	(2,100,955)	(8,380,558)
Segment Assets	141,870,407	140,296,467	41,952,114	41,335,523	121,768,374	123,115,358	12,173,488	12,724,016	317,764,383	317,471,364
Segment liabilities	128,965,972	134,917,257	33,474,255	32,180,132	127,527,562	118,715,221	501,258	802,650	290,469,047	286,615,240

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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 2022.

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 / consolidated financial statements 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.

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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> KD	<u>Level 3</u> KD	<u>Total</u> KD
31 March 2023			
<i>Financial assets at fair value through other comprehensive income</i>			
Unquoted securities	-	128,442,429	128,442,429
<i>Financial assets at fair value through profit or loss</i>			
Quoted securities	6,146	-	6,146
	<u>6,146</u>	<u>128,442,429</u>	<u>128,448,575</u>
31 December 2022 (Audited)			
<i>Financial assets at fair value through other comprehensive income</i>			
Unquoted securities	-	128,442,429	128,442,429
<i>Financial assets at fair value through profit or loss</i>			
Quoted securities	6,702	-	6,702
	<u>6,702</u>	<u>128,442,429</u>	<u>128,449,131</u>
31 March 2022			
<i>Financial assets at fair value through other comprehensive income</i>			
Unquoted securities	-	131,557,723	131,557,723
<i>Financial assets at fair value through profit or loss</i>			
Quoted securities	5,349	-	5,349
	<u>5,349</u>	<u>131,557,723</u>	<u>131,563,072</u>

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16. FAIR VALUE MEASUREMENT (CONTINUED)

Reconciliation of Level 3 fair value measurements:

	Financial assets at fair value through other comprehensive income
	KD
31 March 2023	
As at 1 January 2023	128,442,429
31 March 2023	<u>128,442,429</u>
31 December 2022 (Audited)	
As at 1 January 2022	101,657,723
Additions	29,900,000
Changes in fair value	(3,115,294)
31 December 2022 (Audited)	<u>128,442,429</u>
31 March 2022	
As at 1 January 2022	101,657,723
Additions	29,900,000
31 March 2022	<u>131,557,723</u>

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

17. LEGAL CLAIMS

There are certain claims filed by / against the Group, which directly relate to the investment in Health Assurance Hospitals Company K.S.C. (Public) (“Dhaman”) and one of the Group’s creditors, as mentioned below. Results of such claim cannot be assessed unless a final judgment is rendered by the Court. Based on the legal advisor’s opinion, the Group’s management is of the opinion that there will be no need to make additional provisions.

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

There is a legal claim filed against Dhaman 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 for appealing against the incorporation procedures of Dhaman. A judgment dismissing the claim has been rendered on 13 September 2021, and an appeal was filed against it, on 15 December 2022 a judgement was issued in favor of the Group by dismissing the appeal and cancellation of Dhaman’s General Assembly meeting decisions dated 17 February 2020. Subsequently Dhaman and other Parties filed appeal by cassation, the Court decided to dismiss the appeal.

In addition, there is another legal claim against Dhaman, 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 Dhaman. On 24 February 2021, the Court decided to dismiss the claim, and an appeal was filed against the judgment. On 19 December 2022 a judgement was issued in favor of the Group by dismissing the appeal and cancellation of Dhaman’s General Assembly meeting decisions dated 17 February 2020. Subsequently, Dhaman and other Parties filed appeal by cassation, the Court decided to dismiss the appeal. A Counseling room was determined on 23 May 2023.

17. LEGAL CLAIMS (CONTINUED)

Health Assurance Hospitals Company K.S.C. (Public) ("Dhaman") (Continued)

There is a legal claim filed against Dhaman requesting the deletion of Commercial Register of Dhaman Company. A judgment to the effect of lack of jurisdiction and referral to the Capital Markets Authority's Court – administrative, the hearing was adjourned until 21 May 2023.

A claim filed by Arabi Group Holding Company K.S.C. (Public) against Dhaman and other parties for a cancellation of Capital Markets Authority's decision issued on 18 March 2021 related to the shares of Dhaman, which includes a summary part for stay of execution and a request for the delegation of an expert to investigate allegations of forgery of Shareholders' register of Dhaman, which states that the Kuwait Investment Authority had subscribed on behalf of the nationals. The claim was dismissed on 26 September 2021 and Arabi Group Holding Company K.S.C. (Public) filed an appeal against the judgment. The hearing was adjourned until 16 May 2023.

In the opinion of the Group's external legal advisor, 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 finance of Dhaman (previously the "Associate")):

A legal claim filed by the Parent Company against Mashfa requesting a temporary compensation of KD 5,001 and invalidation of the assignment of right for using assignment of right that had been issued in favor of Mashfa, on the basis of issuance of final judgment in favor of the Parent Company which legally invalidates giving a loan of KD 21,528,000, which is included in trade and other payables in the interim condensed consolidated financial position / consolidated statement financial position. The Court of First Instance has issued a judgment in favor of Mashfa, and the judgment was appealed. On 19 May 2021, the judgment was dismissed by the Court of Appeal and brought back to the Court of First Instance. On 13 December 2021, the claim was dismissed. Arabi Group Holding Company K.S.C. (Public) filed an appeal against the judgment, for which the hearing dated 15 December 2022 was scheduled to proof and present the signed agreement between the claims' parties. The hearing was adjourned until 15 May 2023 to present the agreement contract signed by both parties under which Mashfa waived the claim No. 4019/2020 and all the claims filed against Arabi Group Holding Company K.S.C. (Public).

Furthermore, there is an ongoing claim filed by Mashfa against Arabi Group Holding Company K.S.C. (Public) in which it requests for dissolution and liquidation of Arabi Group Holding Company K.S.C. (Public). A judgment canceling the claim has been rendered on 20 April 2022. Also, there is a claim filed by Arabi Group Holding Company K.S.C. (Public) against Mashfa for delegating an expert to determine the damages incurred by Arabi Group Holding Company K.S.C. (Public) as a result of the attachment made by Mashfa on shares and funds of Arabi Group Holding Company K.S.C. (Public) due to a cheque that does not represent a debt owed by Arabi Group Holding Company K.S.C. (Public), in which a judgment holding the proceedings in abeyance pending a final judgment to be rendered in the claim No. 4019/2020 was rendered. This is the claim that has been filed by Mashfa against Arabi Group Holding Company K.S.C. (Public) for obliging it to repay an amount of eight million Kuwaiti Dinars. In the hearing dated 23 June 2021, the judgment was dismissed by the court and brought back to the Court of First Instance. No hearing was set till date.

17. LEGAL CLAIMS (CONTINUED)

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

On 22 December 2021, an agreement contract was signed with Mashfa, under which Mashfa waived the claim No. 4019/2020 and all the claims filed against Arabi Group Holding Company K.S.C. (Public). Accordingly, all legal procedures resulted from these claims will be resolved. Accordingly, the Group's management's point of view in the light of the opinion of the legal advisor is to reverse a provision amounted to KD 2,835,026 during the previous period ended 31 March 2022, as a result of dismissing the claim No. 49/2020.

There are legal cases filed by Arabi Eneritech Company K.S.C. (Closed) ("the subsidiary") claiming for a compensation against the financial impact incurred by the subsidiary as a result of terminating certain revenue contracts by main customers.

There are other legal claims represented in legal cases filed by the Group against third parties and by third parties against the Group. It is not possible to estimate the results that will arise from these legal claims until they are ruled by courts. In the opinion of the legal counsel and Group's management, these claims will not have material adverse impact on the interim condensed consolidated financial information of the Group. Accordingly, the Group did not make any additional provisions for these lawsuits because there are enough provisions for them as at the date of the accompanying interim condensed consolidated financial information.