

**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 months period ended 30 September 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 nine months period ended 30 September 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 30 September 2023 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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 30 September 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 30 September 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. During the current period ended 30 September 2023, 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)**

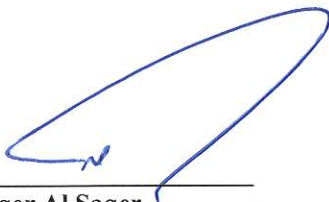
*Emphasis of Matters*

- Without qualifying our conclusion, we draw attention to (Note 1.1) and (Note 9) to the interim condensed consolidated financial information, with respect to the Group's defaulted borrowings in the amount of KD 71,625,463 as at 30 September 2023 (31 December 2022: KD 72,476,924 and 30 September 2022: KD 67,515,349). 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 2023 by KD 73,693,480 (31 December 2022: KD 94,405,893 and 30 September 2022: KD 90,212,396).
- Without qualifying our conclusion, we draw attention to (Note 19) 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 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, except for the possible effects of the matters described in "Basis for Qualified Conclusion" paragraph above, 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, as amended, and Article of Association, as amended, have occurred during the nine months period ended 30 September 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 nine months period ended 30 September 2023 that might have a material effect on the Parent Company's financial position or its business results.



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

**Kuwait: 14 November 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 30 September 2023

		30 September 2023	(Audited) 31 December 2022	30 September 2022
	Notes	KD	KD	KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		23,827,656	24,694,648	24,727,114
Investment in associates	4	120,308,255	1	1
Financial assets at fair value through other comprehensive income	5	6,014,679	128,442,429	131,557,723
		<u>150,150,590</u>	<u>153,137,078</u>	<u>156,284,838</u>
<b>Current assets</b>				
Inventories		44,857,865	45,399,841	46,953,007
Contract assets		6,256,775	6,256,775	6,256,775
Contract receivables	6	74,736,309	71,936,474	67,273,747
Trade receivables and other debit balances		28,292,234	31,545,987	27,455,696
Due from related parties	7	4,373,301	5,898,883	6,634,745
Financial assets at fair value through profit or loss		6,518	6,702	5,184
Cash and cash equivalents		5,724,252	4,284,078	5,264,563
		<u>164,247,254</u>	<u>165,328,740</u>	<u>159,843,717</u>
<b>Total assets</b>		<u>314,397,844</u>	<u>318,465,818</u>	<u>316,128,555</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	14	34,592,448	17,296,224	17,296,224
Share premium	14	9,512,923	7,877,292	7,877,292
Treasury shares	8	-	(527,778)	(783,257)
Treasury shares reserve		1,007,589	479,298	359,463
Statutory reserve		-	554,248	554,248
Voluntary reserve		-	324,297	324,297
Revaluation surplus		7,951,168	7,951,168	7,342,523
Foreign currencies translation adjustments		210,611	173,002	218,282
Fair value reserve from financial assets at fair value through other comprehensive income		439,865	2,189,102	5,302,528
Accumulated losses		(8,551,872)	(10,699,974)	(9,884,916)
<b>Equity attributable to Shareholders of the Parent Company</b>		<u>45,162,732</u>	<u>25,616,879</u>	<u>28,606,684</u>
Non-controlling interests		2,651,818	2,719,261	2,640,845
<b>Total equity</b>		<u>47,814,550</u>	<u>28,336,140</u>	<u>31,247,529</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provision for end of service indemnity		4,262,855	4,678,646	5,036,977
Borrowings	9	24,152,002	25,478,029	29,543,100
Lease liabilities		227,703	238,370	244,836
		<u>28,642,560</u>	<u>30,395,045</u>	<u>34,824,913</u>
<b>Current liabilities</b>				
Borrowings	9	118,421,206	127,109,047	126,320,696
Lease liabilities		38,110	30,699	32,311
Due to banks	10	6,344,349	7,506,741	5,886,820
Notes payable	11	13,307,009	12,517,223	12,930,666
Trade payables and other payables		86,355,292	88,681,742	84,021,015
Due to related parties	7	13,474,768	23,889,181	20,864,605
		<u>237,940,734</u>	<u>259,734,633</u>	<u>250,056,113</u>
<b>Total liabilities</b>		<u>266,583,294</u>	<u>290,129,678</u>	<u>284,881,026</u>
<b>Total equity and liabilities</b>		<u>314,397,844</u>	<u>318,465,818</u>	<u>316,128,555</u>

The accompanying notes on pages 8 to 25 form an integral part of these interim condensed consolidated financial information.

**Tarek Mohammad Saqer 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 nine months period ended 30 September 2023

	Notes	For the three months period ended 30 September		For the nine months period ended 30 September	
		2023	2022	2023	2022
		KD	KD	KD	KD
Revenue from contracts with customers	12	15,119,448	15,622,138	45,184,252	42,745,244
Cost of revenue		(10,659,005)	(10,244,604)	(31,371,993)	(29,903,878)
<b>Gross profit</b>		4,460,443	5,377,534	13,812,259	12,841,366
Other operating income	12	26,714	55,037	68,271	466,569
General and administrative expenses		(3,799,747)	(2,759,992)	(11,451,318)	(8,967,639)
Provision for obsolete and slow moving inventories		(69,327)	(69,470)	(214,802)	(230,648)
Provision for expected credit losses		(93,114)	(122,395)	(334,206)	(365,209)
Loss on liquidation letter of guarantees	15	-	-	-	(9,420,055)
<b>Profit / (loss) from operations</b>		524,969	2,480,714	1,880,204	(5,675,616)
(Loss) / gain on disposal of property, plant and equipment		(26,152)	2,881	99,265	126,228
Share of results from associate	4	(470,147)	-	(470,147)	-
Unrealised gain / (loss) from financial assets at fair value through profit or loss		119	(464)	(184)	895
Reversal of provision	19	-	-	-	2,835,026
Other income	12	38,041	8,609	203,361	168,152
Finance costs		(2,628,598)	(2,319,732)	(8,484,437)	(6,566,213)
<b>(Loss) / profit for the period</b>		(2,561,768)	172,008	(6,771,938)	(9,111,528)
<b>Attributable to:</b>					
Shareholders of the Parent Company		(2,459,625)	(117,213)	(6,707,623)	(6,722,462)
Non-controlling interests		(102,143)	289,221	(64,315)	(2,389,066)
		(2,561,768)	172,008	(6,771,938)	(9,111,528)
<b>Basic and diluted loss per share attributable to the Shareholders of the Parent Company (fils)</b>					
	13	(9.35)	(0.71)	(25.49)	(40.69)

The accompanying notes on pages 8 to 25 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 nine months period ended 30 September 2023

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2023	2022	2023	2022
	KD	KD	KD	KD
(Loss) / profit for the period	(2,561,768)	172,008	(6,771,938)	(9,111,528)
<b>Other comprehensive (loss) / income</b>				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>				
Change in foreign currencies translation adjustments	20,853	44,131	34,481	99,964
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Changes in fair value of financial assets at fair value through other comprehensive income	(1,649,349)	-	(1,649,349)	-
<b>Other comprehensive (loss) / income for the period</b>	<u>(1,628,496)</u>	<u>44,131</u>	<u>(1,614,868)</u>	<u>99,964</u>
<b>Total comprehensive (loss) / income for the period</b>	<u>(4,190,264)</u>	<u>216,139</u>	<u>(8,386,806)</u>	<u>(9,011,564)</u>
<b>Attributable to:</b>				
Shareholders of the Parent Company	(4,087,344)	(72,329)	(8,319,363)	(6,622,047)
Non-controlling interests	<u>(102,920)</u>	<u>288,468</u>	<u>(67,443)</u>	<u>(2,389,517)</u>
	<u>(4,190,264)</u>	<u>216,139</u>	<u>(8,386,806)</u>	<u>(9,011,564)</u>

The accompanying notes on pages 8 to 25 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 months period ended 30 September 2023

	Equity attributable to Shareholders of the Parent Company													
	Share capital	Share premium	Treasury shares	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Revaluation surplus	Foreign currencies translation adjustments	Fair value reserve from financial assets at fair value through other comprehensive income	Accumulated losses	Total	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
<b>Balance as at 1 January 2022</b>	17,296,224	7,877,292	(1,480,519)	17,230	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	-	-	-	-	-	-	-	-	-	-	(6,722,462)	(6,722,462)	(2,389,066)	(9,111,528)
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of disposal of property, plant and equipment	-	-	-	-	-	-	-	(2,548,093)	-	-	2,548,093	-	-	-
Sale of treasury shares	-	-	697,262	342,233	-	-	-	-	-	-	-	1,039,495	-	1,039,495
<b>Balance as at 30 September 2022</b>	17,296,224	7,877,292	(783,257)	359,463	554,248	324,297	7,342,523	218,282	5,302,528	(9,884,916)	28,606,684	2,640,845	31,247,529	
<b>Balance as at 1 January 2023</b>	17,296,224	7,877,292	(527,778)	419,298	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 for the period	-	-	-	-	-	-	-	-	-	-	(6,707,623)	(6,707,623)	(64,315)	(6,771,938)
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares capital increase (Note 14)	-	-	-	-	-	-	-	37,609	(1,649,349)	-	(1,611,740)	-	(3,128)	(1,614,868)
Written off accumulated losses (Note 14)	-	-	-	-	-	(554,248)	(324,297)	-	-	-	8,755,837	-	-	-
Impact of disposal of financial assets at fair value through other comprehensive income	-	9,512,923	-	-	-	-	-	-	37,609	(1,649,349)	(6,707,623)	(8,319,363)	(67,443)	(8,386,806)
Sale of treasury shares (Note 8)	-	-	527,778	528,291	-	-	-	-	-	(99,888)	99,888	26,809,147	-	26,809,147
<b>Balance as at 30 September 2023</b>	34,592,448	9,512,923	-	1,007,589	-	-	7,951,168	210,611	439,865	(8,551,872)	45,162,732	2,651,818	47,814,550	

The accompanying notes on pages 8 to 25 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 months period ended 30 September 2023**

	<b>For the nine months period ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	KD	KD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	(6,771,938)	(9,111,528)
<i>Adjustments:</i>		
Depreciation	423,589	1,502,170
Gain on disposal of property, plant and equipment	(99,265)	(126,228)
Unrealised loss / (gain) from financial assets at fair value through profit or loss	184	(895)
Provision for obsolete and slow moving inventories	214,802	230,648
Provision for expected credit losses	334,206	365,209
Share of results from associate	470,147	-
Loss on liquidation letter of guarantees	-	9,420,055
Reversal of provision	-	(2,835,026)
Provision for end of service indemnity	462,271	127,358
Finance costs	8,484,437	6,566,213
	<u>3,518,433</u>	<u>6,137,976</u>
<i>Changes in operating assets and liabilities:</i>		
Contract retentions	-	703,243
Inventories	327,174	(1,895,483)
Contract receivables	(2,799,835)	(1,810,100)
Trade receivables and other debit balances	2,919,547	877,579
Due from related parties	1,525,582	2,241,784
Trade payables and other payables	(2,326,450)	908,224
Due to related parties	(10,414,413)	(216,633)
<i>Cash (used in) / from operations</i>	(7,249,962)	6,946,590
Provision for end of service indemnity paid	(878,062)	(162,294)
<b>Net cash flows (used in) / from operating activities</b>	<u>(8,128,024)</u>	<u>6,784,296</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Paid to purchase of property, plant and equipment	(423,691)	(823,588)
Proceeds from disposal of property, plant and equipment	966,359	2,890,265
<b>Net cash flows from investing activities</b>	<u>542,668</u>	<u>2,066,677</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Settlement of borrowings	(10,013,868)	(4,960,508)
Net movement of lease liabilities	(3,256)	(87,198)
Proceeds from issuance of share capital	26,809,147	-
Net movement of due to banks	(1,162,392)	(1,747,777)
Net movement of notes payable	789,786	1,381,195
Proceeds from sale of treasury shares	1,056,069	1,039,495
Finance costs paid	(8,484,437)	(6,566,213)
<b>Net cash flows from / (used in) financing activities</b>	<u>8,991,049</u>	<u>(10,941,006)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	1,405,693	(2,090,033)
Foreign currencies translation adjustments	34,481	72,533
Cash and cash equivalents at the beginning of the period	4,284,078	7,282,063
<b>Cash and cash equivalents at the end of the period</b>	<u>5,724,252</u>	<u>5,264,563</u>
<b>Non-cash transactions:</b>		
Addition on financial assets at fair value through comprehensive income	-	(29,900,000)
Trade payables and other payables	-	29,900,000
Investment in an associate	(120,778,401)	-
Financial assets at fair value through other comprehensive income	120,778,401	-

The accompanying notes on pages 8 to 25 form an integral part of these interim condensed consolidated financial information.

## **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.

In accordance with the Parent Company's Shareholders' Extraordinary General Assembly Meeting held on 26 January 2023, the Parent Company's share capital increase 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, through public subscription for Shareholders registered in the register of the Parent Company's Shareholders. It was approved to change the Article No. (5) from the Memorandum of Incorporation and Article No. (5) from the Article of Association to be as follows: "The Company's authorised, issued and paid-up share capital determined at an amount of KD 34,592,448 distributed over 345,924,484 share with nominal value of 100 Kuwaiti Fils each, and all shares are in cash and in kind. Shares in cash amounted to KD 22,509,786 and the in kind shares amounted to KD 12,082,662. This has been registered in the Commercial Register No. 34151 dated 11 May 2023.

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

This interim condensed consolidated financial information for the nine months period ended 30 September 2023 were authorised for issue by the Board of Directors of the Parent Company on 14 November 2023.

### **1.1 FUNDAMENTAL ACCOUNTING CONCEPT**

As at 30 September 2023, the Group's current liabilities exceeded its current assets by KD 73,693,480 (31 December 2022: KD 94,405,893 and 30 September 2022: KD 90,212,396).

An amount of KD 71,625,463 is defaulted borrowings as at 30 September 2023 (31 December 2022: KD 72,476,924 and 30 September 2022: KD 67,515,349). 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.

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

For the nine months period ended 30 September 2023

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**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”).

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 nine months period ended 30 September 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.

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine months period ended 30 September 2023

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

**2.1 Changes in significant accounting policies (Continued)**

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

*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.

*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 nine months period ended 30 September 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
	30 September 2023	31 December 2022	30 September 2022		
	%	%	%		
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

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For the nine months period ended 30 September 2023**

**3. BASIS OF CONSOLIDATION (CONTINUED)**

The Group's share in subsidiaries has been recorded based on interim condensed financial information prepared by the management as at 30 September 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.

(\*) 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>(Audited)</u>			<u>Country of incorporation</u>	<u>Principal activities</u>
	<u>30 September 2023</u>	<u>31 December 2022</u>	<u>30 September 2022</u>		
	%	%	%		
Gulf Services and Industrial Supplies Company W.L.L.	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 Enertech Company K.S.C. (Closed) and its subsidiary as follows:

<u>Name of the subsidiary</u>	<u>Ownership (%)</u> <u>(Audited)</u>			<u>Country of incorporation</u>	<u>Principal activities</u>
	<u>30 September 2023</u>	<u>31 December 2022</u>	<u>30 September 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 nine months period ended 30 September 2023.

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**4. INVESTMENT IN ASSOCIATES**

The Group has the following investment in associates:

Name of associate	Country of Incorporation	Ownership (%)			Carrying amount		
		30 September 2023	(Audited) 31 December 2022	30 September 2022	30 September 2023	(Audited) 31 December 2022	30 September 2022
					KD	KD	KD
Health Assurance Hospital Company K.S.C.P. (Dhaman)	State of Kuwait	26%	-	-	120,308,254	-	-
Agricultural Environmental Projects Company W.L.L.	State of Kuwait	40%	40%	40%	<u>1</u>	<u>1</u>	<u>1</u>
					<u>120,308,255</u>	<u>1</u>	<u>1</u>

The movement during the period / year / period is as follows:

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Balance at the beginning of the period / year / period	1	1	1
Additions during the period / year / period *	120,778,401	-	-
Group's share of results for the period / year / period **	<u>(470,147)</u>	<u>-</u>	<u>-</u>
Balance at the end of the period / year / period	<u>120,308,255</u>	<u>1</u>	<u>1</u>

\* During the current period ended 30 September 2023, as a result of the Court judgments that were issued in the Group's favor with respect to the dispute between the Group and Health Assurance Hospitals Company ("Dhaman"), which resulted in the Group's representation in Dhaman's Board of Directors, the Group's management is in the point of view that they have significant influence on Dhaman, as well as to participate in the financial and operating policy decisions of Dhaman. Accordingly, the investment owned by the Group in Dhaman that was recorded previously as investment at fair value through OCI (Note 5) is recognised during the current period ended 30 September 2023 as investment in associate according to the requirements of the IFRSs.

\*\* The Group has recognised the share of results from Health Assurance Hospital Company K.S.C.P. (Dhaman) (the "associate") based on interim condensed management accounts for the period from 28 August 2023 (date of significant influence) until 30 September 2023.

The Group has placed shares of Health Assurance Hospital Company K.S.C.P. ("Dhaman") as collateral against borrowings and other payables.



Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

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5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Local unquoted securities	6,014,679	128,442,429	131,557,723

During the current period ended 30 September 2023, the Group has recognised its investments in Health Assurance Hospital Company K.S.C.P. (Dhaman) amounting to KD 120,778,401 as investment in associate (Note 4).

6. CONTRACT RECEIVABLES

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Contract receivables	87,515,668	84,715,833	80,053,106
Provision for excepted credit losses	(12,779,359)	(12,779,359)	(12,779,359)
	<u>74,736,309</u>	<u>71,936,474</u>	<u>67,273,747</u>

7. 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:**

	Shareholders	Other related parties	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD	KD	KD
Due from related parties	-	4,373,301	4,373,301	5,898,883	6,634,745
Due to related parties	1,709,566	11,765,202	13,474,768	23,889,181	20,864,605

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)  
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7. RELATED PARTIES' DISCLOSURES (CONTINUED)

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 Nil (31 December 2022: KD 7,430,316 and 30 September 2022: KD 7,323,823) (included in due to related parties), which carries an interest rate of Nil (31 December 2022: 6.5% and 30 September 2022: 6.5%) per annum.

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

	<u>Shareholders</u>	<u>Other related parties</u>	<u>30 September 2023</u>	<u>30 September 2022</u>
	KD	KD	KD	KD
Finance costs	297,693	-	297,693	316,007
General and administrative expenses	-	24,550	24,550	-
			<u>30 September 2023</u>	<u>30 September 2022</u>
			KD	KD
<i>Key management compensation:</i>				
Salaries and short-term benefits			171,000	171,000
End of service benefits			16,830	26,010

8. TREASURY SHARES

	<u>30 September 2023</u>	<u>(Audited) 31 December 2022</u>	<u>30 September 2022</u>
Number of treasury shares (shares)	-	2,840,000	4,214,743
Percentage of ownership (%)	-	1.642%	2.44%
Market value (KD)	-	914,480	1,133,766
Cost (KD)	-	527,778	783,257

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 528,291 that was recognised as treasury shares reserve in the interim condensed consolidated statement of financial position.

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the nine months period ended 30 September 2023

**9. 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 30 September 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,
- Investment in an associate.

Presented below maturity profile of borrowings as follows:

	<b>30 September 2023</b>	<b>(Audited) 31 December 2022</b>	<b>30 September 2022</b>
	KD	KD	KD
Non-current portion	24,152,002	25,478,029	29,543,100
Current portion	118,421,206	127,109,047	126,320,696
	<u>142,573,208</u>	<u>152,587,076</u>	<u>155,863,796</u>

As at 30 September 2023, the Group has default term loans with principal amounts of KD 64,162,310 (31 December 2022: KD 66,858,465 and 30 September 2022: KD 66,131,328) and its interest payable of KD 6,864,049 (31 December 2022: KD 5,618,459 and 30 September 2022: KD 1,384,021). In addition, the Group has default Murabaha payables of KD 599,104 (31 December 2022: Nil and 30 September 2022: Nil) which represent the principal and its profit payable. The Group is in the process of rescheduling these installments.

**10. 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 30 September 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 9).

**11. 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 30 September 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 9).

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Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the nine months period ended 30 September 2023

12. 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 30 September 2023				For the three months period ended 30 September 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	5,452,343	-	5,452,343	-	5,452,343	5,157,169	-	5,157,169	-	5,157,169
Manpower supply	50,856	-	50,856	-	50,856	47,902	-	47,902	-	47,902
Sale of goods	-	9,616,249	9,616,249	-	9,616,249	-	10,417,067	10,417,067	-	10,417,067
Other operating income	-	-	-	26,714	26,714	-	-	-	55,037	55,037
Other income	-	-	-	38,041	38,041	-	-	-	8,609	8,609
	5,503,199	9,616,249	15,119,448	64,755	15,184,203	5,205,071	10,417,067	15,622,138	63,646	15,685,784
<i>Type of customer</i>										
Government	5,503,199	-	5,503,199	64,755	5,567,954	5,205,071	-	5,205,071	-	5,205,071
Non-government	-	9,616,249	9,616,249	-	9,616,249	-	10,417,067	10,417,067	63,646	10,480,713
	5,503,199	9,616,249	15,119,448	64,755	15,184,203	5,205,071	10,417,067	15,622,138	63,646	15,685,784
<i>Primary geographical markets</i>										
State of Kuwait	5,503,199	8,071,612	13,574,811	64,755	13,639,566	5,205,071	7,027,083	12,232,154	63,646	12,295,800
Gulf Cooperation Council Countries	-	1,544,637	1,544,637	-	1,544,637	-	3,389,984	3,389,984	-	3,389,984
	5,503,199	9,616,249	15,119,448	64,755	15,184,203	5,205,071	10,417,067	15,622,138	63,646	15,685,784
<i>Timing of revenues recognition</i>										
Services/goods transferred at a point in time	-	9,616,249	9,616,249	64,755	9,681,004	-	10,417,067	10,417,067	63,646	10,480,713
Services transferred over time	5,503,199	-	5,503,199	-	5,503,199	5,205,071	-	5,205,071	-	5,205,071
	5,503,199	9,616,249	15,119,448	64,755	15,184,203	5,205,071	10,417,067	15,622,138	63,646	15,685,784

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12. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

*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 nine months period ended 30 September 2023					For the nine months period ended 30 September 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	17,181,899	-	17,181,899	-	17,181,899	13,583,765	-	13,583,765	-	13,583,765
Constructions	-	-	-	-	-	231,679	-	231,679	-	231,679
Manpower supply	141,847	-	141,847	-	141,847	141,323	-	141,323	-	141,323
Sale of goods	-	27,860,506	27,860,506	-	27,860,506	-	28,788,477	28,788,477	-	28,788,477
Other operating income	-	-	-	68,271	68,271	-	-	-	466,569	466,569
Other income	17,323,746	27,860,506	45,184,252	203,361	203,361	13,956,767	28,788,477	42,745,244	168,152	168,152
				271,632	45,455,884				634,721	43,379,965
<i>Type of customer</i>										
Government	17,323,746	-	17,323,746	-	17,323,746	13,956,767	-	13,956,767	-	13,956,767
Non-government	-	27,860,506	27,860,506	271,632	28,132,138	-	28,788,477	28,788,477	634,721	29,423,198
	17,323,746	27,860,506	45,184,252	271,632	45,455,884	13,956,767	28,788,477	42,745,244	634,721	43,379,965
<i>Primary geographical markets</i>										
State of Kuwait	17,323,746	23,741,334	41,065,080	271,632	41,336,712	13,956,767	22,143,430	36,100,197	634,721	36,734,918
Gulf Cooperation Council Countries	-	4,119,172	4,119,172	-	4,119,172	-	6,645,047	6,645,047	-	6,645,047
	17,323,746	27,860,506	45,184,252	271,632	45,455,884	13,956,767	28,788,477	42,745,244	634,721	43,379,965
<i>Timing of revenues recognition</i>										
Services/goods transferred at a point in time	17,323,746	-	17,323,746	-	17,323,746	13,956,767	-	13,956,767	-	13,956,767
Services transferred over time	17,323,746	27,860,506	45,184,252	271,632	45,455,884	13,956,767	28,788,477	42,745,244	634,721	43,379,965

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**13. 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.

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2023	2022	2023	2022
Loss for the period attributable to the Shareholders of the Parent Company (KD)	(2,459,625)	(117,213)	(6,707,623)	(6,722,462)
Weighted average number of outstanding shares during the period excluding treasury shares (share)	263,172,476	165,208,617	263,172,476	165,208,617
Basic and diluted loss per share attributable to the Shareholders of the Parent company (fils)	(9.35)	(0.71)	(25.49)	(40.69)

The Parent Company had no outstanding dilutive shares.

**14. ANNUAL GENERAL ASSEMBLY MEETING**

The Parent Company's Shareholders' Ordinary General Assembly Meeting held on 29 May 2023 approved the consolidated financial statements of the Group for the financial year ended 31 December 2022 and approved not to distribute cash dividends for the year ended 31 December 2022. Also, not to pay remuneration to the Board of Directors.

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 share 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.

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.



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15. 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:

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
<i>Contingent liabilities</i>			
Letters of credit	1,380,255	676,308	1,584,735
Letters of guarantees *	59,084,076	59,042,335	60,901,534
Letters of acceptance	209,858	881,858	390,470
	<u>60,674,189</u>	<u>60,600,501</u>	<u>62,876,739</u>

\* During the previous period ended 30 September 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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**16. 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Segment revenue	18,623,533	16,587,086	26,931,616	26,919,107	-	2,835,921	-	-	45,555,149	46,342,114
Segment (loss) / profit	(204,370)	(8,845,859)	870,522	1,379,653	(7,382,190)	(1,545,372)	(55,900)	(99,950)	(6,771,938)	(9,111,528)
Segment assets	141,149,029	139,165,402	40,961,456	41,250,227	120,102,670	123,538,222	12,184,689	12,174,704	314,397,844	316,128,555
Segment liabilities	120,599,609	129,319,706	30,720,210	33,979,673	114,761,516	120,818,039	501,959	763,608	266,583,294	284,881,026

**17. 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").

**18. 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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18. 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 2023</b>			
<i>Financial assets at fair value through other comprehensive income</i>			
Unquoted securities	-	6,014,679	6,014,679
<i>Financial assets at fair value through profit or loss</i>			
Quoted securities	6,518	-	6,518
	<u>6,518</u>	<u>6,014,679</u>	<u>6,021,197</u>
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD
<b>31 December 2022 (Audited)</b>			
<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>
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD
<b>30 September 2022</b>			
<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	5,184	-	5,184
	<u>5,184</u>	<u>131,557,723</u>	<u>131,562,907</u>

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)  
For the nine months period ended 30 September 2023

18. FAIR VALUE MEASUREMENT (CONTINUED)

Reconciliation of Level 3 fair value measurements:

	<b>Financial assets at fair value through other comprehensive income</b>
	KD
<b>30 September 2023</b>	
As at 1 January 2023	128,442,429
Disposals (Note 5)	(120,778,401)
Changes in fair value	(1,649,349)
<b>30 September 2023</b>	<u>6,014,679</u>
<b>31 December 2022 (Audited)</b>	
As at 1 January 2022	101,657,723
Additions	29,900,000
Changes in fair value	(3,115,294)
<b>31 December 2022 (Audited)</b>	<u>128,442,429</u>
<b>30 September 2022</b>	
As at 1 January 2022	101,657,723
Additions	29,900,000
<b>30 September 2022</b>	<u>131,557,723</u>

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

19. 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 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 judgment 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 has determined, and no hearing determined till date.

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 3 December 2023.

**19. LEGAL CLAIMS (CONTINUED)**

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

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. On 13 June 2023, a judgment of rejection was issued, and Arabi Group Holding Company K.S.C. (Public) filed an appeal by cassation against the judgment.

A claim filed by Arabi Group Holding Company K.S.C.(Public) against Dahaman for imposition of judicial receivership and it was dismissed on 20 August 2023.

There is a legal case filed by Arabi Group Holding Company K.S.C. (Public) against Dhaman and other parties for the violation of the Ministerial Decision No. 376/2014 and a request for the delegation of an expert to estimate the compensation. On 30 October 2023 a judgment was issued to transfer it to the experts, a hearing is determined to be on 22 January 2024.

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 20,528,000, 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 16 October 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.



**19. 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 30 September 2022, as a result of dismissing the claim No. 49/2020.

There are legal cases filed by Arabi Enertech 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.