

التاريخ: 2024/11/12

السادة بورصة فلسطين المحترمين،

الموضوع: الإفصاح عن القوائم المالية المرحلية الموحدة المختصرة (الغير مدققة) للربع الثالث من العام 2024
لشركة أركان العقارية ش.م.ع ("الشركة")

تحية طيبة وبعد،

بالإشارة إلى الموضوع أعلاه، مرفق إلى حضرتكم الملفات التالية:

1. البيانات المالية المرحلية الموحدة المختصرة للربع الثالث من العام 2024.
2. البيانات المطلوبة في المادة 2/37 من نظام الإفصاح.
3. الإيضاحات الضرورية.

وتفضلوا بقبول فائق الاحترام والتقدير،،،

محمد البرغوثي

رئيس الإدارة المالية

محمد البرغوثي

شركة أركان العقارية ش.م.ع

Arkaan Real Estate P.L.C



أركان
ARKAAN

2024/11/12

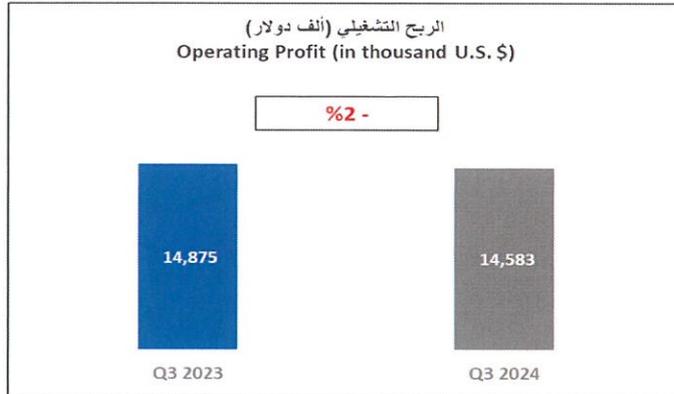
البيانات المالية المرحلية الموحدة المختصرة
للربع الثالث من العام 2024

Financial Disclosure
Q3 2024

Consolidated performance

The net profit attributable to the shareholders of ARKAAN amounted to U.S. \$ 7.4 million in Q3 2024 compared with U.S. \$ 9 million for the same period of last year, reporting a decrease by %18 mainly due to ongoing downturn in the Palestinian economy, which ARKAAN expects that its operational performance will continue to be affected by this downturn until the end of this year. The earnings per share amounted to U.S. \$ 0.056 compared to U.S. \$ 0.068 for the same period of year 2023.

The operating profit for Q3 2024 amounted to U.S. \$ 14.6 million compared to U.S. \$ 14.9 million for the same period of year 2023, thus recording a decrease by %2.



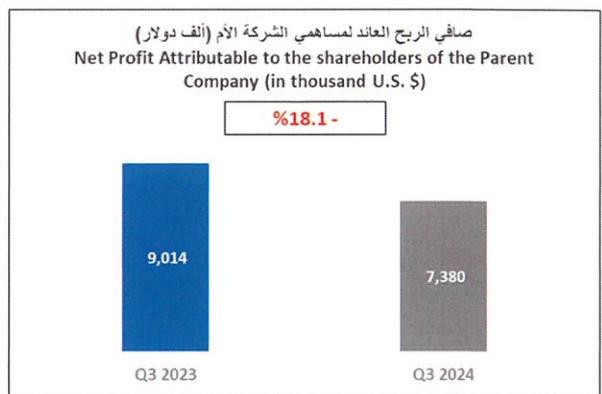
Profits from the real estate activities for Q3 2024 amounted to U.S. \$ 3.3 million compared to U.S. \$ 5 million for the same period of year 2023.

As for investment activities, profits from this segment amounted to U.S. \$ 10.3 million for Q3 2024 compared to U.S. \$ 8.9 million for the same period of year 2023.

ملخص أداء أركان

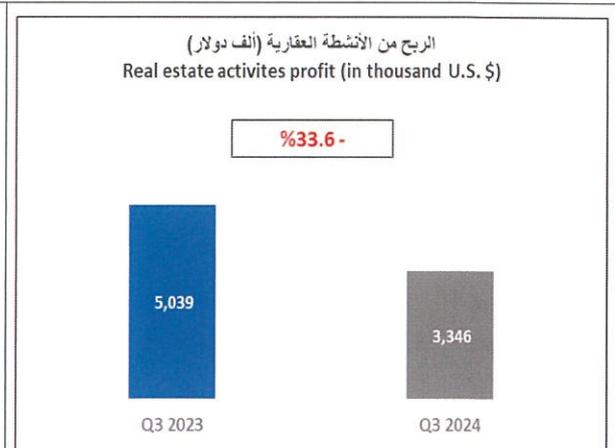
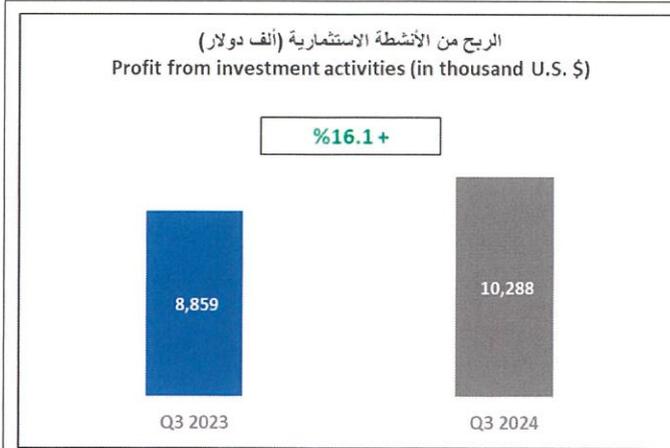
بلغ صافي أرباح أركان العائد إلى مساهمي الشركة للربع الثالث من العام 2024 ما مقداره 7.4 مليون دولار مقارنة بـ 9 مليون دولار خلال الربع الثالث من العام 2023، بنسبة انخفاض بلغت 18%، ويأتي هذا الانخفاض نظراً للتراجع الحاد والكبير الذي يشهده الاقتصاد الفلسطيني، علماً أنه من المتوقع أن يستمر أثر هذا التراجع على الأداء التشغيلي للشركة حتى نهاية العام الحالي. وبلغ نصيب السهم من الأرباح 0.056 دولار مقارنة بـ 0.068 دولار خلال الربع الثالث من العام 2023.

على مستوى الربح التشغيلي، بلغ الربح التشغيلي للربع الثالث من العام 2024 ما قيمته 14.6 مليون دولار مقارنة بـ 14.9 مليون دولار للربع الثالث من العام 2023، مسجلة بذلك انخفاضاً بنسبة 2%.



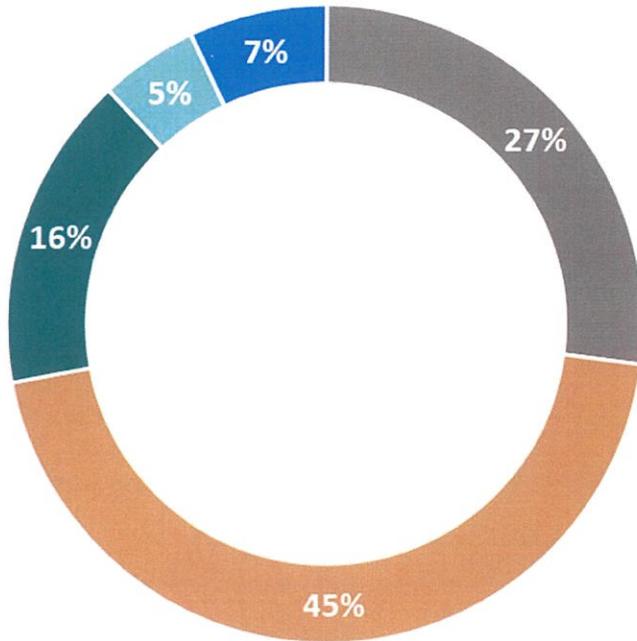
بلغت الأرباح من الأنشطة العقارية للربع الثالث من العام 2024 ما قيمته 3.3 مليون دولار مقارنة مع ما قيمته 5 مليون دولار كما في نهاية الربع الثالث للعام 2023.

على صعيد الأرباح من الأنشطة الاستثمارية، فقد بلغت هذه الأرباح للربع الثالث من العام 2024 ما قيمته 10.3 مليون دولار مقارنة مع ما قيمته 8.9 مليون دولار كما في نهاية الربع الثالث للعام 2023.



Assets

Total assets as of end of Q3 2024 amounted to U.S. \$ 437 million and were distributed amongst the following groups as shown in the diagram:



الموجودات

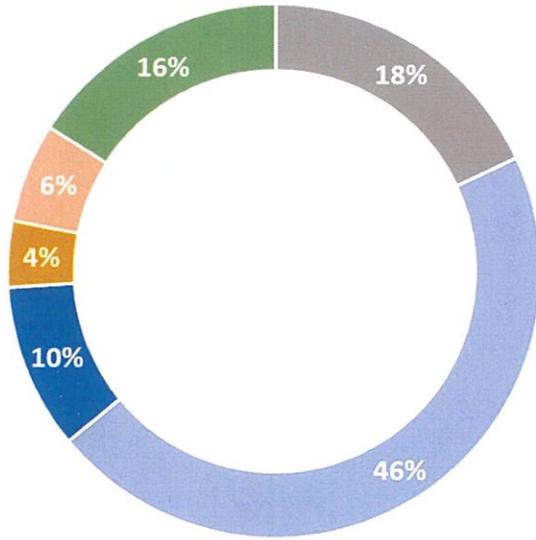
مع نهاية الربع الثالث للعام 2024، بلغ مجموع موجودات أركان ما مقداره 437 مليون دولار موزعة بحسب البنود الموضحة في الرسم البياني التالي:

- استثمارات مالية
Financial investments
- استثمارات عقارية وممتلكات قيد التطوير
Investment properties and properties under development
- ذمم وأرصدة مدينة
Receivables and other current assets
- النقد والنقد المعادل
Cash and cash equivalent
- موجودات أخرى
Other assets

Liabilities

Liabilities amounted to U.S. \$ 37.6 million dollars at the end of Q3 2024 compared to U.S. \$ 55 million dollars at the end of the year 2023, i.e. decrease of %31.

The following chart shows the distribution of liabilities as at the end of Q3 2024:



المطلوبات

بلغت المطلوبات 37.6 مليون دولار نهاية الربع الثالث 2024 مقارنة مع 55 مليون دولار نهاية العام 2023، أي بنسبة انخفاض 31%.

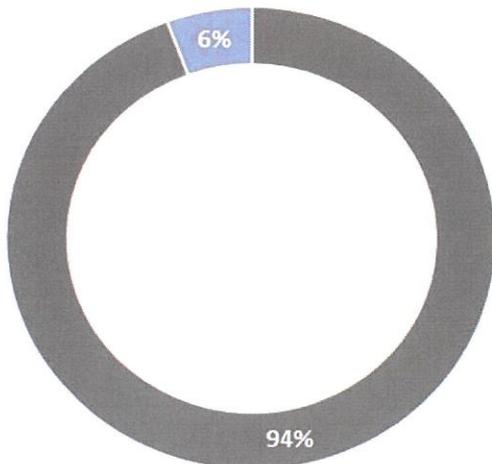
يوضح الرسم البياني التالي توزيع المطلوبات كما في نهاية الربع الثالث 2024:



Equity

Equity amounted to U.S. \$ 399.5 million dollars at the end of Q3 2024 compared to U.S. \$ 418.3 million dollars at the end of the year 2023.

The following chart shows the distribution of equity as at the end of Q3 2024:



حقوق الملكية

بلغت حقوق الملكية 399.5 مليون دولار نهاية الربع الثالث 2024 مقارنة مع 418.3 مليون دولار نهاية العام 2023.

يوضح الرسم البياني التالي توزيع حقوق الملكية كما في نهاية الربع الثالث 2024:



Other information

بيانات أخرى

Members of the Board of Directors

أولاً: أعضاء مجلس الإدارة

- Mr. Samir Hulileh**
Chairman - Palestine Development and Investment Co. Ltd (PADICO)
- Mr. Reyad Nazzal**
Vice Chairman - GMS Ventures and Investments Holdings
- Mr. Abdul Majeed Melhem**
Siraj Fund Management Company
- Mr. Salah Hidmi**
Palestine Development and Investment Co. Ltd (PADICO)
- Mr. Seif Al Deen Sadeddin**
Al Maseera International Co.
- Mr. Jamal Barahmeh**
Aswaq Portfolio Investments Co. (Palestine Investment Fund)
- Mrs. Reem Alsheikh**
Massar International
- Mrs. Amal Moughrabi**
Palestine Development and Investment Co. Ltd (PADICO)
- Mr. Ibrahim Al Natour**
Independent board member

1. السيد سمير حليله
رئيس مجلس الإدارة - شركة فلسطين للتنمية والاستثمار المحدودة (باديكو)
2. السيد رياض نزال
نائب رئيس مجلس الإدارة - شركة جي ام اس فينشرز اند انفستمننتس القابضة
3. السيد عبد المجيد ملحم
شركة سراج لإدارة صناديق الاستثمار
4. السيد صلاح هدي
شركة فلسطين للتنمية والاستثمار المحدودة (باديكو)
5. السيد سيف الدين سعد الدين
شركة المسيرة الدولية ش. م. ب. م
6. السيد جمال براهمه
شركة أسواق للمحافظ الاستثمارية (صندوق الاستثمار الفلسطيني)
7. السيدة ريم الشيخ
شركة مسار العالمية للاستثمار م. خ
8. السيدة أمل مغربي
شركة فلسطين للتنمية والاستثمار المحدودة (باديكو)
9. السيد إبراهيم الناطور
عضو مستقل

Executive Management

ثانياً: الإدارة التنفيذية

- Mr. Mohammad Barghouthi**
Chief Financial Officer

1. السيد محمد البرغوثي
رئيس الإدارة المالية

External auditor

ثالثاً: مدققي الحسابات

Ernst & Young.

شركة ارنست ويونغ.

Paid up capital

رابعاً: رأس المال المكتتب

1. Outstanding shares = 131,625,000
2. Par value per share = U.S. \$ 1.00

1. عدد الأسهم المكتتب بها = 131,625,000
2. القيمة الإسمية للسهم = 1.00 دولار أمريكي

Legal procedures and issues

There are no issues or significant lawsuits held against ARKAAN or held by ARKAAN against others which could affect the ARKAAN's operations or the trading price of its stock.

Note:

Except of what was disclosed in the financial statements, no significant change or event occurred during the third quarter of the year 2024 and until the date of disclosure of the financial statements other than what was disclosed in the financial statements that would influence ARKAAN's business or the trading price of its stock.

خامساً: الاجراءات القانونية

لا يوجد أية قضايا أو اجراءات قانونية جوهرية على أركان أو لأركان على الغير والتي من الممكن أن تؤثر على أعمال أركان أو سعر تداول السهم.

ملاحظة:

باستثناء ما تم الإفصاح عنه في البيانات المالية وهذا التقرير، لم يطرأ أي تغيير أو حدث مهم خلال الربع الثالث من العام 2024 وحتى تاريخ الإفصاح عن البيانات المالية غير ما تم الإفصاح عنه والذي من شأنه أن يؤثر على أعمال أركان أو سعر تداول السهم.

محمد البرغوثي
Mohammad Barghouthi
رئيس الإدارة المالية
Chief Financial Officer

محمد البرغوثي

Arkaan Real Estate P.L.C

Unaudited Interim Condensed Consolidated Financial
Statements

September 30, 2024



**ERNST & YOUNG – MIDDLE EAST
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State of Palestine

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C.R. No. 562201038

Report on review of interim financial information To the chairman and board of directors of Arkaan Real Estate P.L.C

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Arkaan Real Estate and its subsidiaries (Arkaan) as at September 30, 2024, which comprise the interim condensed consolidated statement of financial position as at September 30, 2024 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income for the three-month and nine-month period then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standards (IAS 34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

Except as explained in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim 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.

Arkaan disclosed its total exposures in Gaza Strip, the related impairment losses, and the net book value of these exposures in note (20) to the accompanying interim condensed consolidated financial statements. The management calculated these losses according to its estimates based on the latest information available to it in light of the state of uncertainty beyond its control due to the continuation of the war on Gaza Strip. As a result, we were unable to perform the required review procedures regarding the adequacy of the impairment losses recorded against Arkaan's investments in Gaza Strip as at September 30, 2024, and therefore we were unable to determine whether it was necessary to make any adjustments to the interim condensed consolidated statement of financial position as at September 30, 2024, and the interim condensed consolidated income statement for the period then ended. The audit report on the consolidated financial statements for the year ended December 31, 2023, was qualified for the same reason.



Qualified Conclusion

Based on our review, except for the possible adjustments to the interim condensed consolidated financial statements that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (IAS 34).

Ernst & Young - Middle East

License # 206/2012

Saeed Abdallah

Ernst + Young

Sa'ed Abdallah

License # 105/2003

November 11, 2024

Ramallah - Palestine

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As at September 30, 2024

		September 30, 2024	December 31, 2023
		Unaudited	Audited
	Notes	U.S. \$ (000's)	U.S. \$ (000's)
Assets			
Non-current assets			
Property, plant, and equipment		542	645
Investment properties	4	64,559	61,070
Properties under development	5	54,089	50,227
Financial assets at fair value through other comprehensive income	6	174,077	199,828
Other non-current assets	7	29,774	69,044
		<u>323,041</u>	<u>380,814</u>
Current assets			
Short-term accounts receivable	8	39,581	43,088
Other current assets	9	30,833	7,064
Financial assets at fair value through profit or loss	6	21,797	23,634
Cash and deposits at banks	10	21,929	18,598
		<u>114,140</u>	<u>92,384</u>
Total assets		<u>437,181</u>	<u>473,198</u>
Equity and liabilities			
Equity			
Paid-in share capital	1	131,625	131,625
Share premium	1	253,461	253,461
Statutory reserve	11	726	726
Fair value reserve	6	(15,909)	10,664
Retained earnings (accumulated losses)		5,747	(1,633)
Equity attributable to equity holders of the parent		<u>375,650</u>	<u>394,843</u>
Non-controlling interests		23,888	23,500
Total equity		<u>399,538</u>	<u>418,343</u>
Non-current liabilities			
long-term loans		1,453	1,441
Long-term unearned revenues		-	15,175
Deferred tax liabilities		3,761	3,761
Provision for employees' indemnity		336	337
Other non-current liabilities		1,092	1,169
		<u>6,642</u>	<u>21,883</u>
Current liabilities			
Accounts payable		2,433	1,637
Credit facilities and short-term loans		5,087	2,576
Short-term unearned revenues		17,387	23,452
Other current liabilities		6,094	5,307
		<u>31,001</u>	<u>32,972</u>
Total liabilities		<u>37,643</u>	<u>54,855</u>
Total equity and liabilities		<u>437,181</u>	<u>473,198</u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month and nine-month period ended September 30, 2024

	Notes	For the three months period ended September 30		For the nine months period ended September 30	
		2024	2023	2024	2023
		Unaudited	Unaudited	Unaudited	Unaudited
		U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Revenues from sale of land and development rights	14	1,770	4,853	6,360	11,831
Cost of land and development rights	14	(662)	(2,368)	(3,014)	(6,810)
Gain from sale of investments properties	4	-	-	-	18
Profit from real estate activities		<u>1,108</u>	<u>2,485</u>	<u>3,346</u>	<u>5,039</u>
Arkaan's share of associate's results		-	487	-	1,948
Gains from reclassification the investment in associate		-	199	-	199
(Losses) Gains from valuation of financial assets at fair value through profit or loss		(500)	323	(2,042)	(2,416)
Dividends income from financial assets		<u>68</u>	<u>-</u>	<u>12,330</u>	<u>9,128</u>
(Losses) Profit from investment activities		<u>(432)</u>	<u>1,009</u>	<u>10,288</u>	<u>8,859</u>
Interest revenues		1,085	1,051	3,249	3,353
Operating and administrative expenses		<u>(835)</u>	<u>(960)</u>	<u>(2,300)</u>	<u>(2,376)</u>
Operating profit		<u>926</u>	<u>3,585</u>	<u>14,583</u>	<u>14,875</u>
Expected credit losses provision	8	-	(781)	(1,690)	(1,002)
Impairment losses of investment properties	4	(2,500)	(1,000)	(4,000)	(1,000)
Provision for land settlement	4	-	(1,766)	(500)	(1,767)
Other revenues, net		<u>386</u>	<u>343</u>	<u>282</u>	<u>452</u>
(Loss) Profit for the period before income tax		<u>(1,188)</u>	<u>381</u>	<u>8,675</u>	<u>11,558</u>
Income tax expense	13	<u>(299)</u>	<u>(577)</u>	<u>(907)</u>	<u>(1,289)</u>
(Loss) Profit for the period		<u><u>(1,487)</u></u>	<u><u>(196)</u></u>	<u><u>7,768</u></u>	<u><u>10,269</u></u>
Attributable to:					
Equity holders of the parent		(1,770)	(644)	7,380	9,014
Non-controlling interest		<u>283</u>	<u>448</u>	<u>388</u>	<u>1,255</u>
		<u><u>(1,487)</u></u>	<u><u>(196)</u></u>	<u><u>7,768</u></u>	<u><u>10,269</u></u>
Basic and diluted (loss) earnings per share for the period		<u><u>(0.013)</u></u>	<u><u>(0.005)</u></u>	<u><u>0.056</u></u>	<u><u>0.068</u></u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and nine-month period ended September 30, 2024

	Notes	For the three months period ended September 30		For the nine months period ended September 30	
		2024	2023	2024	2023
		Unaudited U.S. \$ (000's)	Unaudited U.S. \$ (000's)	Unaudited U.S. \$ (000's)	Unaudited U.S. \$ (000's)
(Loss) Profit for the period		(1,487)	(196)	7,768	10,269
Other Comprehensive Income items:					
Items that will not be reclassified to the consolidated income statement in subsequent periods:					
(Losses) Gains from valuation of financial assets at fair value through other comprehensive income	6	(14,416)	13,180	(26,573)	1,862
Arkaan's share of associate's other comprehensive income		-	-	-	42
Total other comprehensive income for the period		<u>(14,416)</u>	<u>13,180</u>	<u>(26,573)</u>	<u>1,904</u>
Net comprehensive income for the period		<u>(15,903)</u>	<u>12,984</u>	<u>(18,805)</u>	<u>12,173</u>
Attributable to:					
Equity holders of the parent		(16,186)	12,536	(19,193)	10,918
Non-controlling interest		283	448	388	1,255
		<u>(15,903)</u>	<u>12,984</u>	<u>(18,805)</u>	<u>12,173</u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended September 30, 2024

	Equity attributable to equity holders of the parent					Total	Non-controlling interests	Total equity
	Paid-in share capital	Share premium	Statutory reserve	Fair value reserve	Retained earnings			
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)			
September 30, 2024								
Balance as at January 1, 2024	131,625	253,461	726	10,664	(1,633)	394,843	23,500	418,343
Profit for the period	-	-	-	-	7,380	7,380	388	7,768
Other comprehensive income items	-	-	-	(26,573)	-	(26,573)	-	(26,573)
Net comprehensive income for the period	-	-	-	(26,573)	7,380	(19,193)	388	(18,805)
Balance as at September 30, 2024 (Unaudited)	131,625	253,461	726	(15,909)	5,747	375,650	23,888	399,538

	Equity attributable to equity holders of the parent					Total	Non-controlling interests	Total equity
	Paid-in share capital	Share premium	Statutory reserve	Fair value reserve	Retained earnings			
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)			
September 30, 2023								
Balance as at January 1, 2023	131,625	253,461	726	(14)	6,531	392,329	28,890	421,219
Profit for the period	-	-	-	-	9,014	9,014	1,255	10,269
Other comprehensive income items	-	-	-	1,904	-	1,904	-	1,904
Net comprehensive income for the period	-	-	-	1,904	9,014	10,918	1,255	12,173
Reclassification the investment in an associate	-	-	-	(105)	105	-	-	-
Distributed cash dividends from a subsidiary (Note 12)	-	-	-	-	-	-	(3,526)	(3,526)
Balance as at September 30, 2023 (Unaudited)	131,625	253,461	726	1,785	15,650	403,247	26,619	429,866

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended September 30, 2024

	Notes	For the nine months period ended September 30	
		2024	2023
		Unaudited U.S. \$ (000's)	Unaudited U.S. \$ (000's)
Operating Activities			
Profit for the period before income tax		8,675	11,558
Adjustments:			
Depreciation and amortization		134	120
Gain from sale of investments properties		-	(18)
Distributed cash dividends from financial assets		(12,330)	(9,128)
Losses from valuation of investments		2,042	2,416
Arkaan's share of associate's results		-	(1,948)
Gains from reclassification of the investment in associate		-	(199)
Interest revenues		(3,249)	(3,353)
Provision for employees' indemnity		95	69
Land settlement provision		500	1,767
Provision for expected credit losses		1,690	1,002
Impairment losses of investment properties		4,000	1,000
Finance cost		118	25
Other non-cash items		(35)	1,836
		<u>1,640</u>	<u>5,147</u>
Working capital adjustments:			
Accounts receivable		2,837	(7,022)
Other current assets		(6,013)	(1,286)
Accounts payable		796	(838)
Properties under development		1,691	3,182
Unearned revenues		(6,360)	1,092
Other current liabilities		553	(1,873)
Other non-current liabilities		(77)	(21)
Income tax paid		(286)	(4,614)
Payments of end of service		(96)	-
Net cash flows used in operating activities		<u>(5,315)</u>	<u>(6,233)</u>
Investing Activities			
Investment in an associate		-	(577)
Purchase of financial assets		(1,027)	(488)
Purchase of investments properties		(1,439)	(2,487)
Sale of investments properties		-	98
Properties under development		(5,553)	(9,499)
Change in deposits in banks maturing after 3 months		(5,710)	10,500
Purchase of property, plant, and equipment		(31)	(3)
Received interest revenues		2,057	3,315
Received distributed cash dividends from financial assets		12,233	10,215
Net cash flows from investing activities		<u>530</u>	<u>11,074</u>
Financing activities			
Dividends paid to non-controlling interests		-	(1,763)
Credit facilities and long-term loans		3,056	-
Finance costs paid		(118)	(25)
Cash flows from (Used in) financing activities		<u>2,938</u>	<u>(1,788)</u>
(Decrease) Increase in cash and cash equivalents		<u>(1,847)</u>	<u>3,053</u>
Cash and cash equivalents, beginning of the period		5,433	13,027
Cash and cash equivalents, end of the period	10	<u><u>3,586</u></u>	<u><u>16,080</u></u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2024

1. Corporate and its Activities

Asas Al-Ard for Investment and real estate development Co. was incorporated in Ramallah, Palestine on February 21, 2022, and registered with the Ministry of National Economy as a private limited shareholding company under registration no. (562764050). On March 22, 2022, the extra-ordinary general assembly of Palestinian Telecommunication Company (PALTEL) took the decision to distribute shares for PALTEL shareholders in a newly created entity (Arkaan Real Estate), with the aim of transferring real estate assets and investment portfolio to it. The distribution was on the basis of 1:1, wherein PALTEL shareholder would get one share in Arkaan for each share in PALTEL.

On 17 May 2022, Asas Al-Ard for Investment and real estate development Co. name was changed to "Arkaan Real Estate Public Limited Company" (Arkaan). And Arkaan's legal status changed from a private limited shareholding company to a public limited shareholding company under registration number (562601575). Later, on July 3, 2022, Arkaan's shares were listed on the Palestine Exchange.

Arkaan's issued and paid-in capital comprises 131,625,000 (One hundred thirty-one million, six hundred twenty-five thousand US dollars) at par value of U.S. \$ 1 per share. Net assets in an amount of U.S. \$ 385,086,000 were transferred in exchange for a capital contribution, which resulted in share premium in an amount of U.S. \$ 253,461,000.

Arkaan's main activities are concentrated in financial investments sector and real estate development and investment sector.

The interim condensed consolidated financial statements of Arkaan as at September 30, 2024, were authorized for issuance in accordance with a resolution of the Board of Directors on October 30, 2024.

2. Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements comprise the financial statements of Arkaan Real Estate P.L.C and its subsidiaries (Arkaan) as at September 30, 2024.

Arkaan's ownership in its subsidiaries' subscribed capital was as follows:

	Nature of business	Ownership Percentage		Capital (U.S. \$)	
		2024	2023	2024	
				Subscribed	Paid
Jericho Gate for real estate investment	Real estate investment	75	75	49,365,000	49,365,000
Jerusal for real estate investment	Real estate investment	100	100	1,500,000	1,500,000
Arcadia W.L. L	Financial investment	100	100	132,983	132,983

Arkaan's subsidiaries operate in the Palestinian National Authority territories, except for Arcadia W.L.L which operates in Bahrain.

The financial period of the subsidiaries is the same as the financial period of Arkaan, and where necessary, Arkaan makes adjustments to align the policies of the subsidiaries with the accounting policies of Arkaan.

3. Basis of preparation and changes in accounting policies

Basis of preparation

The interim condensed consolidated financial statements of Arkaan for the nine-month period ended September 30, 2024 have been prepared in accordance with International Accounting Standard (IAS 34) "Interim financial reporting".

The interim condensed consolidated financial statements have been presented in U.S Dollars, which is the functional currency of Arkaan, and all values, except when otherwise indicated, are rounded to the nearest thousand (U.S. \$ 000's).

The interim condensed consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss and through other comprehensive income that are measured at fair value as at the interim condensed consolidated financial statements date.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with Arkaan's annual consolidated financial statements as at December 31, 2023. The results for the nine-month period ended September 30, 2024, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended December 31, 2023, except that Arkaan has implemented the following amendments that are effective as at January 1, 2024. The application of these amendments did not result in any material impact on the company's condensed consolidated interim financial statements. The company has not early adopted any standards, amendments, or interpretations that have been issued but are not yet effective.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

These amendments had no material impact on Arkaan's interim condensed consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

These amendments had no material impact on Arkaan's interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

These amendments had no material impact on Arkaan's interim condensed consolidated financial statements.

4. Investment properties

This item represents investments in lands, movement on the account was as follows:

	September 30, 2024	December 31, 2023
	U.S. \$ (000's)	U.S. \$ (000's)
Balance, beginning of the period/year	61,070	69,388
Additions	7,989	3,989
Investments properties sold	-	(80)
Impairment losses of investments properties *	(4,000)	(9,200)
Provision for land settlement**	(500)	(3,027)
Balance, end of the period/year	<u>64,559</u>	<u>61,070</u>

Under the separation agreement signed between PALTEL and Arkaan, these investments were transferred to Arkaan's records. Arkaan's management is currently finalizing legal requirements to transfer the title of some of these lands.

* As a result of the ongoing aggression on Gaza Strip (Note 20), during the year 2023, Arkaan recorded a provision of U.S.\$ 7 million on the investments properties in Gaza Strip. Arkaan also recorded during the period an additional provision of U.S.\$ 4 million on its investment properties in Gaza Strip, according to management's estimates of the impact of the aggression on the value of these investment properties.

** The movement on provision for land settlement was as follows:

	September 30, 2024	December 31, 2023
	U.S. \$ (000's)	U.S. \$ (000's)
Balance, beginning of the period/year	3,168	141
Additions	500	3,027
Balance, end of the period/year	<u>3,668</u>	<u>3,168</u>

5. Properties under development

The movement on properties under development was as follows:

	September 30, 2024	December 31, 2023
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the period/year	50,227	43,638
Additions	5,553	12,116
Cost of properties under development sold	(1,691)	(5,527)
Balance, end of the period/year	<u>54,089</u>	<u>50,227</u>

Properties under development includes the following as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Lands	79,691	79,691
Land processing costs, road network and infrastructure work	39,918	34,942
Studies and consultations	5,288	4,985
Finance costs	1,003	776
Others	463	416
	<u>126,363</u>	<u>120,810</u>
Sold properties under development	(72,274)	(70,583)
	<u>54,089</u>	<u>50,227</u>

6. Investments in financial securities

A) Financial assets at fair value through other comprehensive income

Arkaan considers these investments to be of a strategic nature, and therefore they have been classified as financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income includes the following:

	September 30, 2024	December 31, 2023
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Quoted shares in regional financial markets	145,094	163,694
Quoted shares in local financial markets	27,105	34,256
Un-quoted shares in financial markets	1,878	1,878
	<u>174,077</u>	<u>199,828</u>

Movement on financial assets at fair value through other comprehensive income account was as follows:

	September 30, 2024	December 31, 2023
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the period/ year	199,828	153,265
Additions	822	390
Transferred from investments in associate	-	35,431
Change in fair value	(26,573)	10,742
Balance, end of the period/ year	<u>174,077</u>	<u>199,828</u>

Movement on the fair value reserve was as follows:

	September 30, 2024	December 31, 2023
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the period/ year	10,664	(14)
(Losses) gains from valuation of financial assets at fair value through other comprehensive income	(26,573)	10,742
Arkaan's share of associate's other comprehensive income	-	(107)
Reclassification of the investment in associate	-	43
Balance, end of the period/ year	<u>(15,909)</u>	<u>10,664</u>

B) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent the following:

	September 30, 2024	December 31, 2023
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Quoted shares in regional financial markets	21,542	23,547
Quoted shares in local financial markets	255	87
	<u>21,797</u>	<u>23,634</u>

7. Other non-current assets

	September 30, 2024	December 31, 2023
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Long-term receivables (Note 8)	29,774	50,504
Due from Palestinian Telecommunications Company (PALTEL)*	-	18,540
	<u>29,774</u>	<u>69,044</u>

* Arkaan has signed during 2023 a settlement agreement for the amount due from the Palestinian Telecommunications Company (PALTEL) amounting to US. \$18.5 million. The amount will be repaid in one installment on June 30, 2025, with cumulative interest at a fixed rate of 5.5% accruing annually on this amount. During the period, accrued interest in an amount of USD 1,550,000 was capitalized and added to the amount due from PALTEL.

8. Accounts receivable

	September 30, 2024	December 31, 2023
	U.S. \$ (000's)	U.S. \$ (000's)
Trade receivables	787	2,157
Checks under collection	84,774	105,951
	85,561	108,108
Provision for expected credit losses*	(16,206)	(14,516)
	69,355	93,592
Short-term accounts receivable	39,581	43,088
Long-term accounts receivable (Note 7)	29,774	50,504

* The movement on the provision for expected credit losses was as follows:

	September 30, 2024	December 31, 2023
	U.S. \$ (000's)	U.S. \$ (000's)
Balance, beginning of the period/ year	14,516	1,224
Additions during the period/ year	1,690	13,292
Balance, end of the period/ year	16,206	14,516

9. Other current assets

	September 30, 2024	December 31, 2023
	U.S. \$ (000's)	U.S. \$ (000's)
Due from Palestinian Telecommunications Company (Note 7)	20,090	-
Advances to suppliers	6,634	2,877
Due from Value Added Tax department	2,798	1,567
Accrued interest revenues	591	1,119
Income tax advances (Note 13)	273	930
Loan for Al-Mashtal company	187	187
Accrued dividends	97	-
Due from related parties	54	56
Others	296	515
	31,020	7,251
Expected credit loss provision	(187)	(187)
	30,833	7,064

10. Cash and deposits at banks

	September 30, 2024	December 31, 2023
	U.S. \$ (000's)	U.S. \$ (000's)
Cash in hand and cash at banks	1,376	3,218
Deposits in banks maturing within 3 months*	3,573	4,110
Deposits in banks maturing in more than 3 months**	16,980	11,270
	<u>21,929</u>	<u>18,598</u>

* Time deposits represent deposits in U.S. \$ due within 3 months period from their respective inception dates. The average interest rate on these deposits is 3.82% during the period.

** Time deposits represent deposits in U.S. \$ and JOD due in more than 3 months period from their respective inception dates. The average interest rate on U.S. \$ deposits is 4.95% during the period. Where the average interest rate on deposits in Jordanian Dinar is 5.65% during the period.

For the purpose of the interim condensed consolidated statement of cash flow, cash and cash equivalent comprise the following as at September 30, 2024 and 2023:

	September 30, 2024	September 30, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
Cash in hand, current accounts at banks, and deposits	21,929	19,185
Deposits in banks maturing in more than 3 months	(16,980)	(3,100)
Overdraft account	(1,358)	-
Restricted cash	(5)	(5)
Cash and cash equivalent	<u>3,586</u>	<u>16,080</u>

11. Statutory reserve

Arkaan did not appropriate any amounts to the statutory reserve, as these are interim condensed consolidated financial statements.

12. Distributed cash dividends from a subsidiary

The extraordinary General Assembly of Jericho Gate for Real Estate Investment Company (a subsidiary), held on March 6, 2023, approved the distribution of cash dividends to shareholders with a total amount of JD 10 million (equivalent to U.S. \$ 14,104,000) distributed to each shareholder according to the percentage of their contribution in Jericho Gate for Real Estate Investment Company. According to the basis of preparation of interim condensed consolidated financial statements, dividends income from subsidiaries is eliminated in full and the portion distributed to non-controlling interests appears in the equity with a total amount of U.S. \$ 3,526,000.

13. Provision for income tax

The following is a summary of the movement on the provision for income tax (Income tax advances):

	September 30, 2024	December 31, 2023
	U.S. \$ (000's)	U.S. \$ (000's)
Balance, beginning of the period/ year	(930)	1,779
Additions	911	1,982
Discounts on advance payments	(4)	-
Payments of income tax	(286)	(4,614)
Currency difference	36	(77)
Balance, end of the period/ year	(273)	(930)
Net advances recorded in other current assets (Note 9)	273	930
	<u>-</u>	<u>-</u>

As at the date of these interim condensed consolidated financial statements, Arkaan (the parent company) has reached a final settlement with income tax department for the results of its operations for the year 2023 and this did not result in recording any additional provision. Jericho Gate (a subsidiary) have not reached a final settlement with the Income Tax Department for the results of its operations for the year 2023. In addition, Jerusal (a subsidiary) has not reached a final settlement with the Income Tax Department for the results of its operations for the years from 2021 till 2023.

The taxes shown in the interim condensed consolidated income statement represent the following:

	September 30, 2024	September 30, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
Income tax expense for the period	911	1,524
Discounts on advance payments	(4)	-
Amortization of deferred tax liabilities	-	(235)
	<u>907</u>	<u>1,289</u>

14. Sale of land and development rights

During the previous years, Jericho Gate (a subsidiary) signed sale of land and development rights agreements with local developers.

Following are the details of revenues according to the use of land:

	For the period ended September 30, 2024		
	U.S. \$ (000's)		
	Sales revenue	Cost of sales	Gross Profit
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Housing	6,329	(2,999)	3,330
Commercial	17	(6)	11
Mixed use	14	(9)	5
	<u>6,360</u>	<u>(3,014)</u>	<u>3,346</u>

For the period ended in
September 30, 2023

	U.S. \$ (000's)		
	Sales revenue	Cost of sales	Gross Profit
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Housing	7,359	(4,318)	3,041
Commercial	2,934	(1,471)	1,463
Mixed use	1,538	(1,021)	517
	11,831	(6,810)	5,021

Cost of sales includes the value of sold lands in addition to the portion of any other added costs, and according to the percentage of completion of infrastructure.

Following are the details of revenues from contracts with customers:

According to the revenue recognition time:

	For the period ended September 30, 2024	For the period ended September 30, 2023
	U.S. \$ (000's)	U.S. \$ (000's)
At a specific point of time	-	3,904
Over a period of time	6,360	7,927
	6,360	11,831

15. Related parties

Related parties represent all balances and transactions with related parties which represent associated company, major shareholders, members of Board of directors and key management personnel of Arkaan, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by Arkaan's Board of Directors.

Following are the balances of related parties included in the interim condensed consolidated statement of financial position as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Nature of relationship	U.S. \$ (000's)	U.S. \$ (000's)
Other non-current assets	-	18,540
Other current assets	20,090	-
Other current assets	54	56
Accounts payable	8	50
Accounts payable	74	-
Accrued interest	282	1,020

Following are the transactions with related parties included in the interim condensed consolidated income statement:

		For the period ended September 30, 2024	For the period ended September 30, 2023
	Nature of relationship	U.S. \$ (000's)	U.S. \$ (000's)
Interest revenue	Company invested in by major shareholders	811	-
Key management's share of salaries and related benefits	Key management	248	324
Key management's share of employees' indemnity expense	Key management	14	27
Board of Directors' compensation and expenses	Board of Directors	164	84

16. Financial Instruments

Fair value measurements

Arkaan uses the following sequence to determine and disclose the fair values of its financial instruments:

- The first level: using trading prices (unadjusted prices) for completely similar financial instruments in active financial markets for financial instruments.
- The second level: using data other than trading prices, but which can be observed directly or indirectly.
- The third level: Using data that is not based on observable market data.

Arkaan did not make any transfers between the levels mentioned above during the period.

The following table shows the fair value measurement hierarchy of financial assets as at September 30, 2024:

	Total	Fair Value Measurement using		
		Trading Prices in active market (The first level)	Observable data (The second level)	Unobservable data (The third level)
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income items:				
Quoted	172,199	172,199	-	-
Unquoted	1,878	-	-	1,878
Financial assets at fair value through profit or loss - Quoted	21,797	21,797	-	-

The following table shows the fair value measurement hierarchy of financial assets as at December 31, 2023:

	Fair Value Measurement using		
	Trading Prices	Observable	Unobservable
	in active market (The first level)	data (The second level)	data (The third level)
Total	U.S. \$	U.S. \$	U.S. \$
	(000's)	(000's)	(000's)
Assets measured at fair value:			
Financial assets at fair value through other comprehensive income items:			
Quoted	197,950	197,950	-
Unquoted	1,878	-	1,878
Financial assets at fair value through profit or loss - Quoted			
	23,634	23,634	-

The fair value of financial assets and liabilities:

The following table shows a comparison between the carrying amounts and the fair value of the financial instruments according to their classification in the interim condensed consolidated financial statements:

	Carrying amount		Fair Value	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Financial assets				
Financial assets at fair value through other comprehensive income				
	174,077	199,828	174,077	199,828
Financial assets at fair value through profit or loss				
Accounts receivable	21,797	23,634	21,797	23,634
Other financial assets	69,355	93,592	69,355	93,592
Cash and deposits at banks	28,927	21,798	28,927	21,798
	21,929	18,598	21,929	18,598
	<u>316,085</u>	<u>357,450</u>	<u>316,085</u>	<u>357,450</u>
Financial Liabilities				
Accounts payable	2,433	1,637	2,433	1,637
Lease liabilities	227	240	227	240
Credit facilities and long-term loans	6,540	4,017	6,540	4,017
Other financial liabilities	2,883	3,237	2,883	3,237
	<u>12,083</u>	<u>9,131</u>	<u>12,083</u>	<u>9,131</u>

The fair values of financial assets and liabilities are shown according to the values at which exchanges can take place between the parties concerned, with the exception of compulsory or liquidation sales.

- The fair values of accounts receivable (except for long-term accounts receivable), other current assets, cash and deposits at banks, accounts payable and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

- The fair value of long-term lease liabilities, long-term accounts receivable, credit facilities and long-term loans were estimated by discounting the expected cash flows using the same interest rates for items with similar terms and risk characteristics.
- The fair value of quoted financial assets at fair value through profit or loss and quoted financial assets at fair value through other comprehensive income is determined based on their price quotations at the date of the interim condensed consolidated financial statements.
- The fair value of unquoted financial assets at fair value is determined using appropriate valuation methods.

17. Contractual commitments and contingent liabilities.

As at the interim condensed consolidated financial statements date, Jericho Gate for Real Estate Investment Company (a subsidiary) had contractual obligations resulting from contracts signed with contractors and consultants. The amount of contractual commitments represent the difference between the total contract value and the completed amount as at the date of the interim condensed consolidated financial statements. Following is a summary of the outstanding contractual commitments, which are due in the following years:

	September 30, 2024	December 31, 2023
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Unpaid portion of the contractual contracts	28,033	37,433
Unpaid portion of the consultation contracts	333	569
	<u>28,366</u>	<u>38,002</u>

18. Segment information

Arkaan presents segment reporting information in accordance with Arkaan's nature of operations, as risks and rates of return are affected predominantly by differences in the products and services provided.

Business segments comprise of real estate development and investment in addition to the financial investment sector. Business operations are organised and managed separately according to the nature of the services provided by each sector, as each sector presents a strategic business unit.

The following table represents revenues, profit before tax, and other segment information regarding Arkaan's operating segments as at September 30, 2024.

	Real estate development and investment	Financial investment	Eliminations	Total
September 30, 2024	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Revenues				
Revenues from external parties	6,360	-	-	6,360
Dividends income from financial assets	-	12,330	-	12,330
Losses from financial assets at fair value through profit or loss	-	(2,042)	-	(2,042)
Segment revenues	<u>6,360</u>	<u>10,288</u>	<u>-</u>	<u>16,648</u>
Results of operations				
Segment's (loss) profit before tax	<u>(2,290)</u>	<u>10,965</u>	<u>-</u>	<u>8,675</u>
Other information				
Cost of land and development rights	<u>(3,014)</u>	<u>-</u>	<u>-</u>	<u>(3,014)</u>
Capital expenditures	<u>(7,023)</u>	<u>-</u>	<u>-</u>	<u>(7,023)</u>
Interest revenues	<u>1,720</u>	<u>1,749</u>	<u>(220)</u>	<u>3,249</u>

The following table represents the assets and liabilities of Arkaan's business segments as at September 30, 2024 and December 31, 2023:

	Real estate development and investment	Financial investment	Eliminations	Total
September 30, 2024	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Segments' assets	<u>587,002</u>	<u>202,740</u>	<u>(352,561)</u>	<u>437,181</u>
Segments' liabilities	<u>52,055</u>	<u>8,863</u>	<u>(23,275)</u>	<u>37,643</u>
December 31, 2023	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Segments' assets	<u>192,437</u>	<u>600,781</u>	<u>(320,020)</u>	<u>473,198</u>
Segments' liabilities	<u>62,187</u>	<u>389</u>	<u>(7,721)</u>	<u>54,855</u>

19. Concentration of risk in geographic area

Arkaan is carrying out the majority of its activities in Palestine, the political and economic destabilization in the area increases the risk of carrying out Arkaan business and may adversely affect its performance and its ability to recover its assets through its operations.

20. The aggression on Gaza Strip

The Israeli aggression on Gaza Strip resulted in the destruction of numerous economic facilities in Gaza Strip. Additionally, many properties and assets suffered partial or complete destruction. Various business sectors in the West Bank were also affected due to restrictions, closures between cities, and frequent closures of external crossings.

Arkaan's management believes that this event had an impact on the company's operating activities, investments, revenues, business results, and some of its assets, as follows:

- Arkaan's exposures in Gaza Strip as at September 30, 2024 amounted to U.S. \$ 27 million, while the impairment losses recorded by management against these investments amounted to U.S. \$11 million, bringing the net book value to U.S. \$16 million.
- The impact on macroeconomic factors used to measure expected credit losses and an increased likelihood of defaults.
- Decrease in realized revenues during the period due to Arkaan and its subsidiaries' inability to conduct their activities normally, especially revenues from the sale of lands and development rights related to Jericho Gate Company (a subsidiary).
- Decline in closing prices for local stocks on the Palestine Stock Exchange during the period. Which led to recording losses in the statement of interim condensed consolidated comprehensive income for financial assets at fair value through OCI as a result of the revaluation of these assets.

The aggression is still ongoing on Gaza Strip, and the impacts of the current situation remain unclear, relying on future developments that cannot be accurately predicted at this time. The company continues to monitor and analyze the situation continuously, evaluating the impact of future developments on the company's future financial results and cash flows. Furthermore, the management believes that there are no significant doubts about Arkaan's ability to continue its operations in the future.