

التاريخ: 2025/08/13

السادة بورصة فلسطين المحترمين،

الموضوع: الإفصاح عن القوائم المالية المرحلية الموحدة المختصرة (الغير مدققة) للنصف الأول من العام 2025
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 للنصف الأول من العام 2025.
2. البيانات المطلوبة في المادة 2/38 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

2025/08/13

ملخص أداء الشركة والبيانات المالية المرحلية الموحدة المختصرة
للنصف الأول من العام 2025

Financial Disclosure
H1 2025

Consolidated performance

The net profit attributable to the shareholders of ARKAAN amounted to U.S. \$ 15.1 million in H1 2025 compared with U.S. \$ 9.2 million for the same period of last year, reporting an increase by %64.6 due to the dividend's income on ARKAAN's financial investment portfolio. The earnings per share amounted to U.S. \$ 0.114 compared to U.S. \$ 0.070 for the same period of year 2024.

The operating profit for H1 2025 amounted to U.S. \$ 20.2 million compared to U.S. \$ 13.7 million for the same period of last year, thus recording an increase by %48.1.



As for investment activities, profits from this segment amounted to U.S. \$ 21.6 million for H1 2025 compared to U.S. \$ 10.7 million for the same period of last year.

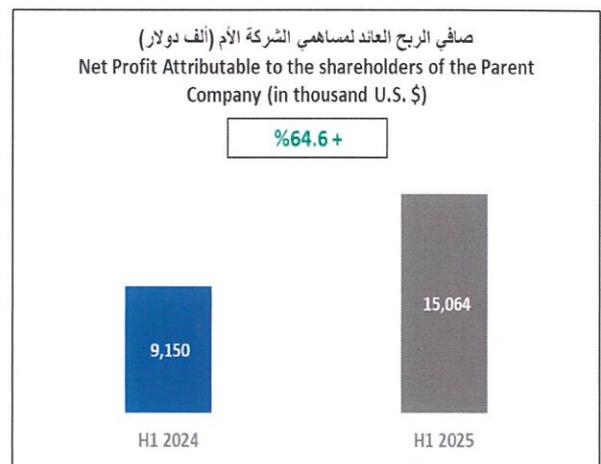
Assets

Total assets at the end of H1 2025 amounted to U.S. \$ 508.5 million and were distributed amongst the following groups as shown in the diagram:

ملخص أداء أركان

بلغ الربح العائد إلى مساهمي الشركة للنصف الأول من العام 2025 ما مقداره 15.1 مليون دولار مقارنة بـ 9.2 للنصف الأول من العام 2024، بنسبة زيادة بلغت %64.6، ويرجع ذلك بشكل رئيسي لعوائد توزيعات الأرباح على المحفظة الاستثمارية للشركة. وبلغ نصيب السهم من الأرباح 0.114 دولار مقارنة بـ 0.070 دولار خلال النصف الأول من العام 2024.

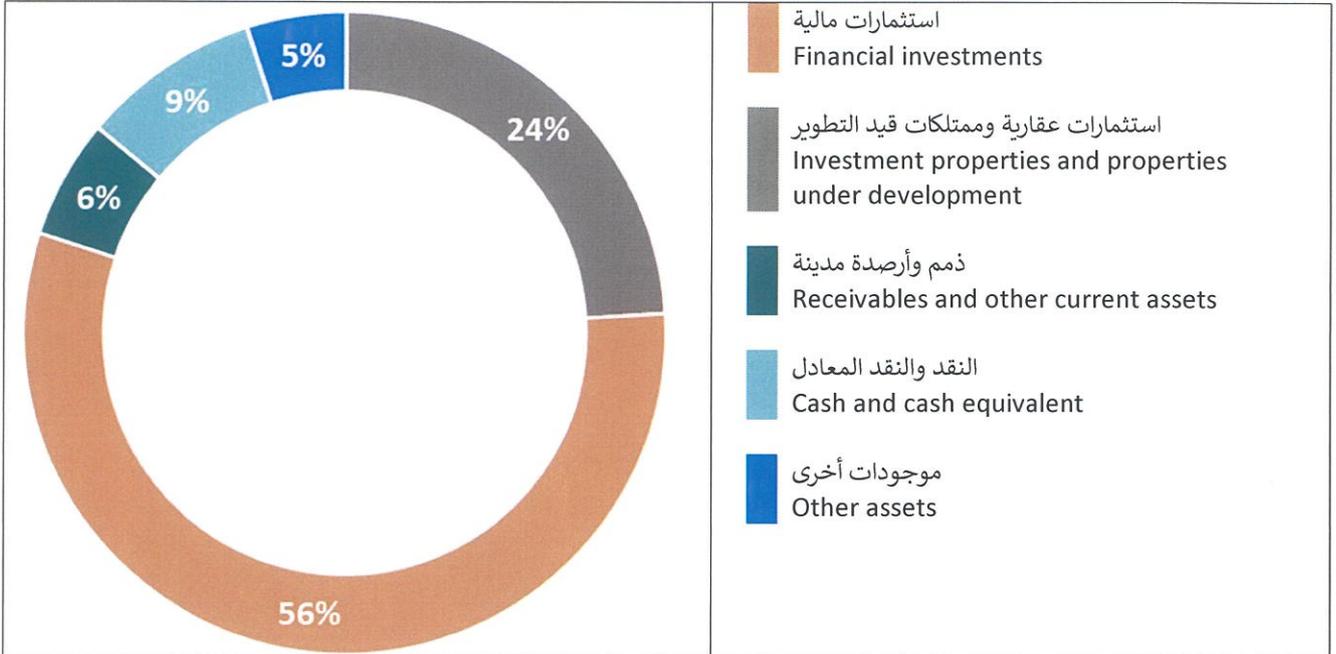
على مستوى الربح التشغيلي، بلغ الربح التشغيلي للنصف الأول من العام 2025 ما قيمته 20.2 مليون دولار مقارنة بـ 13.7 مليون دولار للنصف الأول من العام 2024، مسجلاً بذلك ارتفاعاً بنسبة %48.1.



على صعيد الأرباح من الأنشطة الاستثمارية، فقد بلغت هذه الأرباح للنصف الأول من العام 2025 ما قيمته 21.6 مليون دولار مقارنة مع ما قيمته 10.7 مليون دولار كما في نهاية النصف الأول للعام 2024.

الموجودات

مع نهاية النصف الأول من العام 2025، بلغ مجموع موجودات أركان ما مقداره 508.5 مليون دولار موزعة بحسب البنود الموضحة في الرسم البياني التالي:



Liabilities

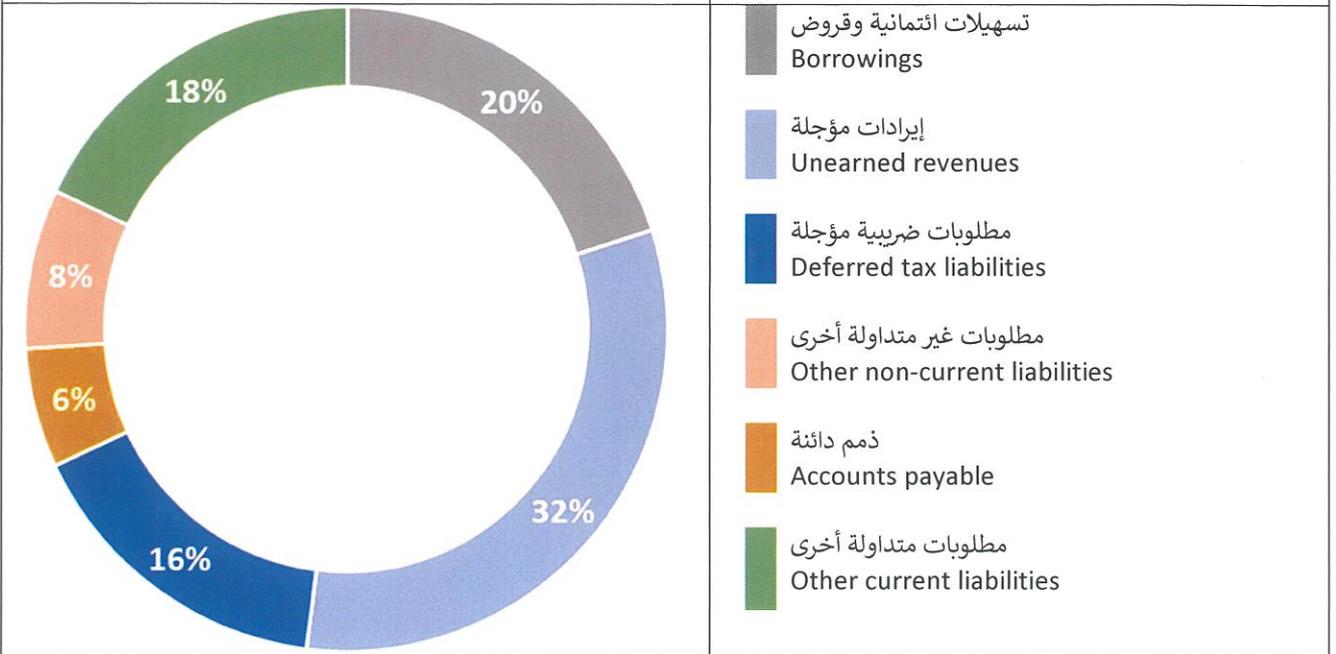
Liabilities amounted to U.S. \$ 23.6 million at the end of H1 2025 compared to U.S. \$ 27.1 million at the end of 2024, i.e., decrease of %13.

The following chart shows the distribution of liabilities at the end of H1 2025:

المطلوبات

بلغت المطلوبات نهاية النصف الأول من العام 2025 - 23.6 مليون دولار مقارنة مع 27.1 مليون دولار نهاية العام 2024، أي بنسبة انخفاض 13%.

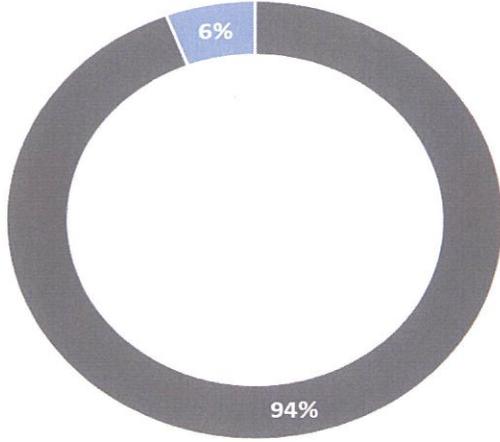
يوضح الرسم البياني التالي توزيع المطلوبات كما في نهاية النصف الأول من العام 2025:



Equity

Equity amounted to U.S. \$ 484.9 million at the end of H1 2025 compared to U.S. \$ 423.3 million at the end of 2024.

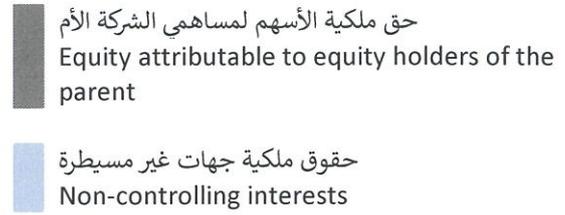
The following chart shows the distribution of equity at the end of H1 2025:



حقوق الملكية

بلغت حقوق الملكية 484.9 مليون دولار نهاية النصف الأول من العام 2025 مقارنة مع 423.3 مليون دولار نهاية العام 2024.

يوضح الرسم البياني التالي توزيع حقوق الملكية كما في نهاية النصف الأول من العام 2025:



Other information

بيانات أخرى

Members of the Board of Directors

أولاً: أعضاء مجلس الإدارة

Mr. Reyad Nazzal

Chairman - GMS Ventures and Investments Holdings

1. السيد رياض نزال

رئيس مجلس الإدارة - شركة جي ام اس فينشرز اند انفستمننتس القابضة

Mrs. Reem Alsheikh

Vice Chairman - Massar International

2. السيدة ريم الشيخ

نائب رئيس مجلس الإدارة - شركة مسار العالمية للاستثمار م. خ

Mr. Abdul Majeed Melhem

Siraj Fund Management Company

3. السيد عبد المجيد ملحم

شركة سراج لإدارة صناديق الاستثمار

Mr. Salah Hidmi

Palestine Development and Investment Co. Ltd (PADICO)

4. السيد صلاح هدي

شركة فلسطين للتنمية والاستثمار المحدودة (باديكو)

Mr. Seif Al Deen Sadeddin

Al Maseera International Co.

5. السيد سيف الدين سعد الدين

شركة المسيرة الدولية ش. م. ب. م

Mr. Jamal Barahmeh

Aswaq Portfolio Investments Co. (Palestine Investment Fund)

6. السيد جمال براهيمه

شركة أسواق للمحافظ الاستثمارية (صندوق الاستثمار الفلسطيني)

Mrs. Amal Moughrabi

Palestine Development and Investment Co. Ltd (PADICO)

7. السيدة أمل مغربي

شركة فلسطين للتنمية والاستثمار المحدودة (باديكو)

Mr. Ibrahim Al Natour

Independent board member

8. السيد إبراهيم الناطور

عضو مستقل

Palestine Development and Investment Co. Ltd (PADICO)

9. عضو شاغر

Executive Management

Mr. Mohammad Barghouthi
Chief Financial Officer

External auditor

Ernst & Young.

Paid up capital

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

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 for what was disclosed in the financial statements, no significant change or event occurred during H1 2025 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.

ثانياً: الإدارة التنفيذية

1. السيد محمد البرغوثي
رئيس الإدارة المالية

ثالثاً: مدققي الحسابات

شركة ارنست ويونغ.

رابعاً: رأس المال المكتتب

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

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 النصف الأول من العام 2025 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

Arkaan Real Estate P.L.C

Unaudited Interim Condensed Consolidated Financial
Statements

June 30, 2025



**ERNST & YOUNG – MIDDLE EAST
(PALESTINE BRANCH)**
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C.R. No. 562201038

**Report on review of interim condensed consolidated 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 P.L.C and its subsidiaries (ARKAAN) as at June 30, 2025, which comprise the interim condensed consolidated statement of financial position as at June 30, 2025 and interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income for the three-months and six-months periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-months period then ended and notes to the interim condensed consolidated statement. 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

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS 34).

Emphasis of matter- War on the Gaza Strip

We draw attention to Note (21) to the accompanying interim condensed consolidated financial statements, which relates to the war on the Gaza Strip and the management's decision to fully provide for its exposures in the Gaza Strip. This matter does not modify the conclusion on the interim condensed consolidated financial statements.

Ernst & Young - Middle East
License # 206/2012

Saeed Abdallah

Ernst + Young
Sa'ed Abdallah

License # 105/2003

August 13, 2025
Ramallah - Palestine

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As at June 30, 2025

		June 30, 2025	December 31, 2024
		Unaudited	Audited
	Notes	U.S. \$ (000's)	U.S. \$ (000's)
Assets			
Non-current assets			
Property, plant, and equipment		398	487
Investment properties	4	37,189	42,013
Properties under development	5	74,748	68,703
Financial assets at fair value through other comprehensive income	6	256,425	212,228
Other non-current assets	7	28,228	20,312
		<u>396,988</u>	<u>343,743</u>
Current assets			
Land held for sale		6,948	6,549
Accounts receivable	8	20,523	24,510
Other current assets	9	9,618	20,537
Financial assets at amortized cost	10	-	9,694
Financial assets at fair value through profit or loss	6	29,039	22,879
Cash and deposits at banks	11	45,354	22,544
		<u>111,482</u>	<u>106,713</u>
Total assets		<u>508,470</u>	<u>450,456</u>
Equity and liabilities			
Equity			
Paid-in share capital	1	131,625	131,625
Share premium	1	253,461	253,461
Statutory reserve	12	726	726
Fair value reserve	6	64,395	22,242
Retained earnings (accumulated losses)		6,360	(8,704)
Equity attributable to equity holders of the parent		<u>456,567</u>	<u>399,350</u>
Non-controlling interests		28,337	23,983
Total equity		<u>484,904</u>	<u>423,333</u>
Non-current liabilities			
long-term loans		537	1,341
Long-term unearned revenues		7,624	10,308
Deferred tax liabilities	13	3,822	3,761
Provision for employees' indemnity		395	350
Other non-current liabilities		1,015	1,065
		<u>13,393</u>	<u>16,825</u>
Current liabilities			
Accounts payable		1,814	1,982
Credit facilities and short-term loans		4,090	4,222
Income tax provision	14	202	-
Other current liabilities		4,067	4,094
		<u>10,173</u>	<u>10,298</u>
Total liabilities		<u>23,566</u>	<u>27,123</u>
Total equity and liabilities		<u>508,470</u>	<u>450,456</u>

The attached notes from 1 to 21 are part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month and six-month period ended June 30, 2025

	Notes	For three months period ended June 30		For six months period ended June 30	
		2025	2024	2025	2024
		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		-	1,923	-	4,590
Cost of sold land and development rights		-	(1,241)	-	(2,352)
Sales returns, net	15	-	-	(1,656)	-
Gain from sale of investments properties		-	-	80	-
Net (losses) profits from real estate activities		-	682	(1,576)	2,238
Gains (losses) from valuation of financial assets at fair value through profit or loss	6	5,419	(915)	5,649	(1,542)
Dividends income from financial assets	6	1,545	3,799	15,859	12,262
Investment income		-	-	98	-
Net Profit from investment activities		6,964	2,884	21,606	10,720
Interest revenues		1,018	1,436	1,797	2,164
Operating and administrative expenses		(802)	(884)	(1,607)	(1,465)
Operating profit		7,180	4,118	20,220	13,657
Provision of expected credit loss, net	8,10	(1,000)	(1,340)	(694)	(1,690)
Impairment losses on investments properties	4	(5,200)	-	(5,200)	-
Other revenues (expenses), net		488	(1,986)	461	(2,104)
Profit for the period before income tax		1,468	792	14,787	9,863
Income tax expense	14	(245)	(303)	(369)	(608)
Profit for the period		1,223	489	14,418	9,255
Attributable to:					
Equity holders of the parent		1,377	576	15,064	9,150
Non-controlling interest		(154)	(87)	(646)	105
		1,223	489	14,418	9,255
Basic and diluted earnings per share for the period		0,010	0.004	0.114	0.070

The attached notes from 1 to 21 are part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month period ended June 30, 2025

	Notes	For the three months period ended June 30		For the six months period ended June 30	
		2025	2024	2025	2024
		Unaudited	Unaudited	Unaudited	Unaudited
		U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Profit for the period		1,223	489	14,418	9,255
Other Comprehensive Income items:					
Items that will not be reclassified to the consolidated income statement in subsequent periods:					
Gains (losses) from valuation of financial assets at fair value through other comprehensive income	6	36,360	(7,859)	42,153	(12,157)
Total other comprehensive income for the period		<u>36,360</u>	<u>(7,859)</u>	<u>42,153</u>	<u>(12,157)</u>
Net comprehensive income for the period		<u>37,583</u>	<u>(7,370)</u>	<u>56,571</u>	<u>(2,902)</u>
Attributable to:					
Equity holders of the parent		37,737	(7,283)	57,217	(3,007)
Non-controlling interest		<u>(154)</u>	<u>(87)</u>	<u>(646)</u>	<u>105</u>
		<u>37,583</u>	<u>(7,370)</u>	<u>56,571</u>	<u>(2,902)</u>

The attached notes from 1 to 21 are part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2025

	Notes	For the six months period ended June 30	
		2025	2024
		Unaudited	Unaudited
		U.S. \$ (000's)	U.S. \$ (000's)
Operating Activities			
Profit for the period before income tax		14,787	9,863
Adjustments:			
Depreciation and amortization		92	95
(Gains) losses from valuation and sale of investments		(5,649)	1,542
Interest revenues and investment returns		(1,895)	(2,164)
Distributed cash dividends from financial assets		(15,859)	(12,262)
Provision for employees' indemnity		44	79
Gains from the sale of investment properties		(80)	-
Provision for expected credit losses, net		694	1,690
Impairment losses of investments properties		5,200	2,000
Other non-cash items		(430)	39
		<u>(3,096)</u>	<u>882</u>
Working capital adjustments:			
Accounts receivable		6,551	1,674
Other current assets		(2,602)	454
Accounts payable		(168)	631
Properties under development		-	1,346
Unearned revenues		-	(4,590)
Other current liabilities		(27)	(352)
Other non-current liabilities		(50)	(98)
Income tax paid		(68)	(51)
Payments of end of service		(7)	(70)
Net cash flows from (used in) operating activities		<u>533</u>	<u>(174)</u>
Investing Activities			
Purchase of Property, plant, and equipment		(3)	-
Purchase of financial assets		(2,555)	(515)
Purchase of investments properties		(391)	(1,294)
Sale of investments properties		95	-
Properties under development		(3,311)	(4,143)
Change in deposits in banks maturing after 3 months		(7,691)	(5,648)
Received interest revenues		1,461	407
Investment in financial assets at amortized cost		10,000	-
Received distributed cash dividends from financial assets		12,917	9,960
Net cash flows from (used in) investing activities		<u>10,522</u>	<u>(1,233)</u>
Financing activities			
Long-term loans		(304)	2,550
Change in non-controlling interest		5,000	-
Net cash flows from financing activities		<u>4,696</u>	<u>2,550</u>
Increase in cash and cash equivalents		15,751	1,143
Cash and cash equivalents, beginning of the period		4,695	5,433
Cash and cash equivalents, end of the period	11	<u>20,446</u>	<u>6,576</u>

The attached notes from 1 to 21 are part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2025

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 May 17, 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 and started trading its shares.

ARKAAN's issued and paid-in capital comprises U.S. \$ 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 of June 30, 2025, were authorized for issuance in accordance with a resolution of the Board of Directors on August 13, 2025.

2. Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements comprise the financial statements of ARKAAN Real Estate and its subsidiaries (ARKAAN) as at June 30, 2025.

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

	Nature of business	Ownership Percentage		Capital (U.S. \$)	
		%		2025	
		2025	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 six-month period ended June 30, 2025 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 preparation of consolidated annual financial statements and should be read in conjunction with ARKAAN's annual consolidated financial statements as of December 31, 2024. The results for the six-month period ended June 30, 2025, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2025.

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, 2024, except that ARKAAN has implemented the following amendments as of January 1, 2025. The application of these amendments did not result in any material effect on the interim condensed consolidated financial statements of ARKAAN. ARKAAN has not early adopted any standards, amendments, or interpretations issued that are not yet effective.

Lack of exchangeability - Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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:

	June 30, 2025	December 31, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
Balance, beginning of the period/year	75,243	73,800
Additions during the period/ year	391	1,443
Investments properties sold	(15)	-
	75,619	75,243
Impairment losses of investments properties *	(38,430)	(33,230)
Balance, end of the period/year	<u>37,189</u>	<u>42,013</u>

* Following is the movement on Impairment losses on investment properties:

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the period/year	33,230	12,730
Additions during the period/ year	<u>5,200</u>	<u>20,500</u>
Balance, end of the period/year	<u><u>38,430</u></u>	<u><u>33,230</u></u>

As a result of the ongoing aggression on Gaza Strip and as shown in Note (21), during the year 2024, ARKAAN recorded an additional provision with an amount of U.S. \$20 million on the investments properties it owns in the Gaza Strip thus the total value of exposures of ARKAAN in the Gaza Strip amounted to U.S. \$27 in the Gaza Strip is fully provisioned for.

5. Properties under development

Following is a summary of the movement on properties under development:

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the period/year	68,703	50,227
Additions during the period/ year	5,659	20,626
Sales returns during the period/ year	386	-
Properties under development sold	-	<u>(2,150)</u>
Balance, end of the period/year	<u><u>74,748</u></u>	<u><u>68,703</u></u>

Properties under development includes the following:

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Land, buildings, road network preparation costs, and infrastructure work	139,274	134,084
Studies and consultations	5,761	5,575
Finance costs	1,285	1,142
Others	<u>775</u>	<u>635</u>
	147,095	141,436
Sold properties under development	<u>(72,347)</u>	<u>(72,733)</u>
	<u><u>74,748</u></u>	<u><u>68,703</u></u>

6. Investments in financial securities

A) Financial assets at fair value through other comprehensive income

ARKAAN perceives these investments as strategic investments, accordingly, these investments were classified as financial assets at fair value through other comprehensive income items. Financial assets at fair value through other comprehensive income includes the following:

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Quoted shares in regional financial markets	218,501	183,294
Quoted shares in local financial markets	36,077	27,087
Un-Quoted shares in financial markets	1,847	1,847
	<u>256,425</u>	<u>212,228</u>

Following is the movement on financial assets at fair value through other comprehensive income account:

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the period/ year	212,228	199,828
Additions during the period/ year	2,044	822
Change in fair value	42,153	11,578
Balance, end of the period/ year	<u>256,425</u>	<u>212,228</u>

Following is the movement on the fair value reserve:

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the period/ year	22,242	10,664
Gains from valuation of financial assets at fair value through other comprehensive income	42,153	11,578
Balance, end of the period/ year	<u>64,395</u>	<u>22,242</u>

Cash dividends from financial assets at fair value through other comprehensive income amounted to U.S. \$ 13.930 million as of June 30, 2025.

B) Financial assets at fair value through profit or loss

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

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Quoted shares in regional financial markets	28,171	22,628
Quoted shares in local financial markets	868	251
	<u>29,039</u>	<u>22,879</u>

Cash dividends from financial assets at fair value through profit or loss amounted to U.S. \$ 1.929 million as of June 30, 2025.

Gain from the change in fair value of financial assets at fair value through profit or loss amounted to U.S. \$ 5.649 million as of June 30, 2025, while the loss from the change in the fair value through profit or loss amounted to U.S. \$ 1.542 million as of June 30, 2024.

7. Other non - current assets

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Receivable from the Palestinian Telecommunications Company (Paltel) (Note 9)	16,093	-
Long -term accounts receivable (Note 8)	12,135	20,312
	<u>28,228</u>	<u>20,312</u>

8. Accounts receivable

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Trade receivables	250	198
Checks under collection	49,614	60,830
	49,864	61,028
Provision for expected credit losses*	(17,206)	(16,206)
	32,658	44,822
Short-term accounts receivable	20,523	24,510
Long-term accounts receivable	12,135	20,312

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

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the period/ year	16,206	14,516
Additions during the period/ year	1,000	1,690
Balance, end of the period/ year	<u>17,206</u>	<u>16,206</u>

9. Other current assets

	June 30, 2025	December 31, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
Accrued investment income	3,039	97
Accrued interest revenues	110	562
Due from Value Added Tax department	2,780	1,846
Advances to suppliers	2,600	1,419
Loan for Al-Mashtal company	187	187
Due from PALTEL*	-	15,673
Income tax advances (Note 14)	-	16
Others	1,089	924
	<u>9,805</u>	<u>20,724</u>
Expected credit loss provision	<u>(187)</u>	<u>(187)</u>
	<u>9,618</u>	<u>20,537</u>

* During the period, an agreement was reached with Paltel to extend the repayment period for the amounts due to ARKAAN. Accordingly, these amounts were classified under other non-current Assets.

10. Financial assets at amortized cost

In 2024, ARKAAN has invested U.S. \$ 10 million managed through a local company and bear a minimum annual interest rate of 5.5% recalculated monthly and payable every six months based on the signed agreement between the two parties on July 9, 2024. In addition, ARKAAN recorded expected credit losses on investment amounted to U.S. \$ 306,000 as of December 31, 2024. The return on investment of U.S. \$ 98,000 and U.S. \$ 199,000 was recorded during the six months period ended June 30, 2025, and for the year ending December 31, 2024 under the item of Investment income.

During the period ended June 30, 2025 the full invested amount was received, including the accrued investment income, and the expected credit losses on this investment were reversed.

11. Cash and deposits at banks

	June 30, 2025	December 31, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
Cash in hand and current accounts at banks	7,659	2,201
Deposits in banks maturing within 3 months	14,099	4,438
Deposits in banks maturing in more than 3 months	23,596	15,905
	<u>45,354</u>	<u>22,544</u>

Time deposits represent deposits in US dollars and Jordanian dinars. The interest rate on existing deposits, was 4.21% and 4.83%, respectively.

For the purpose of the interim condensed consolidated statement of cash flow, cash and cash equivalent comprise the following:

	June 30, 2025	June 30, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Cash in hand and current accounts at banks	45,354	25,059
Deposits in banks maturing in more than 3 months	(23,596)	(16,918)
Restricted cash	(5)	(5)
Overdraft account	(1,307)	(1,560)
Cash and cash equivalent	<u>20,446</u>	<u>6,576</u>

12. Statutory reserve

Statutory reserve represents appropriation of profits during prior years in accordance with the Companies' Law. The deduction from profits may not be suspended until the balance of the accumulated statutory reserve account reaches the minimum limit specified in the applicable legislation, which is not distributable to shareholders. ARKAAN did not appropriate any amounts to the statutory reserve, as these are interim condensed consolidated financial statements.

13. Deferred tax liabilities

The movement on deferred tax liabilities was as follows:

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the year	3,761	3,761
Amortization of deferred tax liabilities (Note 14)	61	-
Balance, end of the year	<u>3,822</u>	<u>3,761</u>

14. Provision for income tax

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

	June 30, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Balance, beginning of the period/ year	(16)	(930)
Additions during the period/ year	313	1,171
Discounts on advance payments	(5)	(4)
Payments of income tax	(68)	(281)
Currency difference	(22)	28
Balance, end of the period/ year	202	(16)
Net advances recorded in other current assets (Note 9)	-	16
	<u>202</u>	<u>-</u>

During the year 2024, ARKAAN reached a final settlement with the Income Tax Department for the results of its operations for the year 2023, it did not result in recording any additional tax provision. Moreover, During the period, Jerusal (a subsidiary) reached a final settlement with

the Income Tax Department for the results of its operations for the years from 2021 till 2023, it did not result in recording any additional tax provision.

Up until the date of these interim condensed consolidated financial statements, Jericho Gate Company (a subsidiary) has not reached a final settlement with the Income Tax Department regarding its results for the years 2023 and 2024.

Following are the details of income tax expense shown in the interim condensed consolidated income statement:

	June 30, 2025	June 30, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
Income tax expense for the period	313	612
Discounts on advance payments	(5)	(4)
Amortization of deferred tax liabilities (Note 13)	61	-
	<u>369</u>	<u>608</u>

15. Sales returns, net

This item represents the net value of sales returns by a subsidiary (Jericho Gate Company).

16. Related parties

Related parties represent all balances and transactions with related parties which represent Associate 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 June 30, 2025 and December 31, 2024:

		June 30, 2025	December 31, 2024
	Nature of relationship	U.S. \$ (000's)	U.S. \$ (000's)
Other current assets	Company invested in by major shareholders	-	15,673
Other non-current assets	Company invested in by major shareholders	16,093	-
Financial assets at amortized cost	Investment managed by a related party	-	9,694
Other current assets	A major shareholder's subsidiaries	-	199
Non-controlling interests	Major shareholder	28,337	23,983
Accounts payable	Company invested in by major shareholders	5	12
Accounts payable	Board of directors	23	175
Accounts payable	A major shareholder's subsidiaries	-	195

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

		June 30, 2025	June 30, 2024
	<u>Nature of relationship</u>	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Interest revenue	Company invested in by major shareholders	650	529
Investment return	Investment managed by a related party	98	-
Key management's share of salaries and related benefits		114	160
Key management's share of employees' indemnity expense		10	11
Board of Directors' compensation and expenses		189	97

17. 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 June 30, 2025:

	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)
Total			
Assets measured at fair value:			
Financial assets at fair value through other comprehensive income items:			
- Quoted	254,578	254,578	-
- Unquoted	1,847	-	1,847
Financial assets at fair value through profit or loss			
- Quoted	29,039	29,039	-

The following table shows the fair value measurement hierarchy of financial assets as at December 31, 2024:

	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)
Total			
Assets measured at fair value:			
Financial assets at fair value through other comprehensive income items:			
- Quoted	210,381	210,381	-
- Unquoted	1,847	-	1,847
Financial assets at fair value through profit or loss			
- Quoted	22,879	22,879	-
Financial assets at amortized cost			
	9,694	-	9,694

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	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
	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	256,425	212,228	256,425	212,228
Financial assets at fair value through profit or loss	29,039	22,879	29,039	22,879
Accounts receivable	32,658	44,822	32,658	44,822
Financial assets at amortized cost	-	9,694	-	9,694
Other financial assets	23,182	19,102	23,182	19,102
Cash and deposits at banks	45,354	22,544	45,354	22,544
	<u>386,658</u>	<u>331,269</u>	<u>386,658</u>	<u>331,269</u>
Financial Liabilities				
Accounts payable	1,814	1,982	1,814	1,982
Lease liabilities	153	193	153	193
Credit facilities and long-term loans	4,628	5,563	4,628	5,563
Other financial liabilities	2,639	2,569	2,639	2,569
	<u>9,234</u>	<u>10,307</u>	<u>9,234</u>	<u>10,307</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.
- The fair value of the financial assets at amortized cost is estimated by discounting future cash flows using rates currently available for debt on similar terms and credit risk.

18. Contractual commitments and contingent liabilities.

As of 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:

	June 30, 2025	December 31, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
Unpaid portion of the contractual contracts	3,361	10,581
Unpaid portion of the consultation contracts	146	240
	<u>3,507</u>	<u>10,821</u>

19. Segment information

ARKAAN presents segments reporting information in accordance with ARKAAN's nature of operations, as risks and rates of return are affected predominantly by differences in the 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 each of ARKAAN's operating segments for the period ended June 30, 2025.

<u>June 30, 2025</u>	Real estate development	Financial investment	Eliminations	Total
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Revenues				
Dividends revenue from financial assets	-	15,859	-	15,859
Profits from financial assets at fair value through profit or loss	-	5,649	-	5,649
Segment revenues	<u>-</u>	<u>21,508</u>	<u>-</u>	<u>21,508</u>
Results of operations				
Segment's (loss) profit before tax	<u>(7,483)</u>	<u>22,270</u>	<u>-</u>	<u>14,787</u>
Other information				
Sales return, net	<u>(1,656)</u>	<u>-</u>	<u>-</u>	<u>(1,656)</u>
Capital expenditures	<u>(6,053)</u>	<u>-</u>	<u>-</u>	<u>(6,053)</u>
Interest revenues	<u>788</u>	<u>1,080</u>	<u>(71)</u>	<u>1,797</u>

The following table represents revenues, profit before tax, and other segment information regarding each of ARKAAN's operating segments for the period ended June 30, 2024.

June 30, 2024	Real estate development and investment	Financial investment	Eliminations	Total
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Revenues				
Revenues from external parties	4,590	-	-	4,590
Dividends income from financial assets	-	12,262	-	12,262
Losses from financial assets at fair value through profit or loss	-	(1,542)	-	(1,542)
Segment revenues	<u>4,590</u>	<u>10,720</u>	<u>-</u>	<u>15,310</u>
Results of operations				
Segment's (loss) profit before tax	<u>(1,104)</u>	<u>10,967</u>	<u>-</u>	<u>9,863</u>
Other information				
Cost of land and development rights	<u>(2,352)</u>	<u>-</u>	<u>-</u>	<u>(2,352)</u>
Capital expenditures	<u>(5,437)</u>	<u>-</u>	<u>-</u>	<u>(5,437)</u>
Interest revenues	<u>1,166</u>	<u>1,150</u>	<u>(152)</u>	<u>2,164</u>

The following table represents the assets and liabilities of ARKAAN's business segments as at June 30, 2025 and December 31, 2024:

	Real estate development and investment	Financial investment	Eliminations	Total
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
June 30, 2025				
Segments' assets	<u>185,589</u>	<u>675,868</u>	<u>(352,987)</u>	<u>508,470</u>
Segments' liabilities	<u>52,705</u>	<u>20,188</u>	<u>(49,327)</u>	<u>23,566</u>
December 31, 2024	Real estate development	Financial investment	Eliminations	Total
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
Segments' assets	<u>179,409</u>	<u>625,741</u>	<u>(354,694)</u>	<u>450,456</u>
Segments' liabilities	<u>44,114</u>	<u>8,399</u>	<u>(25,390)</u>	<u>27,123</u>

20. Concentration of risk in geographic area

ARKAAN is carrying out the majority of its activities in Palestine, where the political and economic destabilization in the area increases the risk of carrying out ARKAAN business and may adversely affect its performance.

21. War on Gaza Strip

The Israeli war 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:

- The total value of ARKAAN's exposures in Gaza Strip as of June 30, 2025 amounted to U.S. \$ 27 million, while the impairment losses recorded by management against these investments in previous periods amounted to U.S. \$27 million, thus, the total value of ARKAAN's exposures in the Gaza Strip is fully provisioned. Management believes that, due to the repercussions of the war on the Gaza Strip, there are significant doubts regarding the recoverability of these investments or the realization of any future economic benefits from them. Management will continue to assess the situation based on future developments.
- Decrease in realized revenues during the subsequent 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).

The economic effects resulting from this war continue across all Palestinian territories, and thus the impacts of the current situation remain unclear and depend on future developments that cannot be accurately predicted at this time. ARKAAN is continuously monitoring and analyzing the situation and assessing the impact of future developments on its future financial results and cash flows. Management believes that there are no significant doubts regarding the ARKAAN's ability to continue its operations in the future.